East Asia
ANNEX

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Japan

Friction Continuing in Semiconductor Market

OW1607140692 Tokyo NIHON KEIZAI SHIMBUN in Japanese 14 Jul 92 Morning Edition p 3—FOR OFFICIAL USE ONLY

[Unattributed article: "Prospect for Eased Friction Slim"]

[Text] According to a senior official at the Toshiba Corporation, Japanese chip makers have sought to forge technological links with European and American chip makers with the aim of both reducing their financial burden for developing new semiconductors and easing semiconductor friction with them, particularly American chip makers. American and European chip makers, who have no technological alliance with Japanese chip makers, will continue to take a tough attitude against their Japanese counterparts; it is difficult to say that efforts by Japanese chip makers to forge a technological alliance will ease semiconductor friction. Japanese steelmakers, which sought to forge alliances with American steelmakers, face an antidumping suit filed against them in late June by major American steelmakers. In view of this, the situation surrounding semiconductors is likely to continue to be grim.

According to the Machinery and Information Industry Bureau of the Ministry of International Trade and Industry, if the technological alliance makes headway between Japanese and American semiconductor makers, "this would make the distinction between Japanese-made and American-made semiconductors ambiguous, and would gradually ease friction between the two countries in regards to semiconductors." According to a specialized semiconductor firm, concerned officials rate highly the efforts by Japanese chip makers to forge a technological alliance, saying "such a technological alliance will end fierce competition between Japanese-made and foreign-made semiconductors on the Japanese chip market."

If semiconductors developed jointly between Japanese and foreign chip makers through their technological link up are produced in Japan, the issue may arise over whether they should be regarded as Japanese-made or foreign-made semiconductors. That will be determined depending on which side controls design and production. However, they may be regarded as "foreign-made semiconductors" based on the criterion of share of the foreign-made semiconductors on the Japanese chip market. From this fall on, all semiconductors to be produced by a joint-venture chip company established by Kobe Steel Ltd. and Texas Instruments are to be regarded as foreign-made semiconductors. It can be said that foreign chip makers eager to increase their sale of the DRAM [dynamic random-access memory] on the Japanese chip market need to forge a technological alliance with Japanese chip makers, who are far ahead of them in DRAM manufacturing technology. For example, 256 DRAM—which Toshiba Corporation, IBM, and Siemens have agreed to jointly develop—is a next-generation semiconductor expected to be mass produced in the late 1990's. In the case of this new semiconductor, no measures can be expected to ease friction and share competition over it. Under the Japan-U.S. Semiconductor Agreement, Japan is committed to make efforts to increase the share of foreign-made semiconductors on the Japanese chip market to more than 20 percent by the end of 1992. Therefore, as the end of 1992 draws near, the United States is increasing its pressure on Japan.

Some involved with the semiconductor market criticize a series of technological alliances between major Japanese and American chip makers as "limiting competition." It cannot rule out the possibility that their technological alliance may spark international debates.

U.S. Demands at SII Follow-Up Talks Viewed

OW1707082392 Tokyo NIHON KEIZAI SHIMBUN in Japanese 15 Jul 92 Morning Edition p 2—FOR OFFICIAL USE ONLY

[Editorial: "Japan-U.S. Structural Impediments Initiative Talks Now Entering New Stage of 'Checking'"]

[Text] The second working-level follow-up sessions at the deputy level (section chiefs) of the Japan-U.S. Structural Impediments Initiative (SII) talks were held in Tokyo on 13 and 14 July. Among the new issues brought up by the U.S. side are a compilation of programs for scaling down or abolishing the system of exempting application of the Antimonopoly Law and legislation of the Law on Administrative Procedures. Next, talks at the vice ministerial level will be held in Tokyo on 28 and 29 July, and these sessions are expected to be rather difficult for the Japanese side.

The Japan-U.S. SII talks were triggered by various factors such as the trade imbalance between Japan and the United States which became conspicuous in the 1980's; the final report on the SII talks was worked out in June 1990. The principal objective lies in mutually reviewing the systems, structures, and practices that constitute barriers between the two nations. However, what is noteworthy is the fact that, going beyond the sphere of follow-up checks, the United States has made new requests, which ought to be taken as moves aimed at "revitalizing" the SII talks.

When a council of top U.S. business leaders was held in Hot Springs last May, U.S. Trade Representative Hills touched on the fact that Japan's trade surplus had broken past records, and disclosed a plan to bring up the trade imbalance issue at follow-up checking sessions. At the Japan-U.S. summit talks held on 1 July, President Bush strongly requested the Japanese side to make efforts to "remove structural impediments" for the purpose of promoting free trade.

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Obviously, there are indications of irritation on the U.S. side. According to trade statistics for June (as given in a flash report), Japan's trade surplus increased by 24 percent over that of the same month last year, and in the first half of this year the surplus increased at the high rate of 17 percent as compared with the same period last year. Therefore, Japan will inevitably be appraised at the follow-up checks thus: "No improvement has been made as far as the situation in Japan is concerned."

It has been reported that among the new demands by the U.S. side this time are: 1) Improvement of import-connected procedures, including customs clearance and quarantine inspection; 2) legislation of the Law on Administrative Procedures; and 3) deregulation of direct investment in Japan. It can be said that their urgent requests lie in further opening up the Japanese market.

The Japanese Government intends to speed up import procedures by concentrating import-related information of various ministries and agencies at Customs; requests have previously been voiced at home for import-related operations to be expedited. Once again, the administration will be trying to improve the situation in which it has fallen behind in taking measures to deal with this information-oriented age, and that it has only done so after it has been pointed out by the United States. There should be a shift in the way ideas are conceived.

At the beginning of the current deputy-level talks, the Japanese side gave a briefing on its plan to work out a large-scale supplemental budget. The U.S. side has requested that Japan should further promote its domestic demands by further strengthening its investment in public works. Reportedly, there is growing talk in the United States that the Japanese commitment of "investing 30 trillion yen in publics works in 10 years is still insufficient." Therefore, it seems likely that a request will be made to revise this commitment.

During the past few years, Japan has made efforts in this regard. For example, the Fair Trade Commission has strengthened its inspection system; increased surcharges and fines; and launched prosecutions for the first time in 17 years. And, new orientation has been pointed out for such efforts as reducing the number of cartels that can be exempted from application of the Antimonopoly Law.

Nevertheless, as long as the trade imbalance between Japan and the United States—the most important issue—continues to expand, the sphere of the SII follow-up checks will inevitably be expanded. It will be necessary to work out measures to correct the trade imbalance based on both the medium- and long-term standpoints. Moreover, since improvement of the Japanese and U.S. industrial structures is a "bilateral operation," we must maintain that the U.S. side also needs to take positive measures.

Dispatch of Second Team to Cambodia Postponed

OW1707113792 Tokyo NIHON KEIZAI SHIMBUN in Japanese 13 Jul 92 Morning Edition p 2—FOR OFFICIAL USE ONLY

[Text] It is doubtful whether the Self-Defense Forces [SDF] personnel will be dispatched to Cambodia at an early date under the UN Peacekeeping (PKO) Cooperation Law. Although the Defense Agency [DA] originally planned to send the second fact-finding team to Cambodia in mid-July, it has been decided that, due to concerns over possible influences on the upcoming upper house election, the dispatch will be postponed to sometime after 26 July when the election will be held. Also, it is feared that the government will postpone its decision concerning which fields the Japanese PKO teams will participate in. Since the Pol Pot faction has rejected disarmament, Komeito, which approved the PKO bill, has supported a cautious stance on the issue. Under such circumstances, it is unclear whether the government will be able to dispatch SDF personnel to Cambodia around October or November as originally planned.

The government's first fact-finding team returned home from Cambodia on 8 July after inspecting activities of the UN Transitional Authority in Cambodia (UNTAC) there. A government source states that based on the team's report, it is most likely that Japan will send personnel to monitor the general election scheduled for the next year and join with the civilian police and the engineering corps.

According to the government's original plans, the DA would send the second fact-finding team to Cambodia to make a more specialized survey in mid-July after the return of the first fact-finding team; then, based on the report of the second team, a concrete decision would be made as to which fields to participate in. At that point, the government would dispatch teams to join in logistical support activities for the peacekeeping forces (PKF) around October and November.

In the current situation, however, staff members at the prime minister's official residence have instructed the DA to "spend sufficient time in studying the first fact-finding team's report on the inspection before sending out the second fact-finding team." Therefore, it has been decided that the dispatch of the second team will be postponed until after the upper house elections.

Despite a precondition set in the PKO law that the dispatch of PKO teams should be based on "a cease-fire agreement signed between the parties concerned," the Pol Pot faction has refused to disarm. In this connection, the Social Democratic Party of Japan and the Japan Communist Party are opposed to the dispatch, saying that the precondition has not been met; and Komeito, which approved the PKO bill, now calls on the government to take a cautious stance.

Therefore, at talks of top party leaders held in late June, Prime Minister Kiichi Miyazawa was forced to state the

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following: "Since this will be the first case, we would like to win our people's understanding and then tackle this issue with the greatest caution." For this reason, staff members at the prime minister's official residence seem to have decided that "no moves should be taken during the election campaign period so as not to agitate eligible voters" (as stated by a government source).

New Factors in Northern Territories Issue Viewed

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[Article by Keiichi Kasai; "Internationalized Northern Territories—Government Urged To Reexamine the Principle of Not Separating Politics From Economics": from "Weathercock" column]

[Text] A high-ranking Soviet government official, who visited Japan during the Gorbachev government era, said: "There is no northern territories issue for the Soviet Union. For us, (the four islands) are not northern territories." Needless to say, his remarks sounded like a joke to the Japanese. Japan's basic assertion is that Japan calls the four islands the northern territories. The northern territories issue made a splendid debut at the Munich summit.

The territorial issue between Japan and Russia was incorporated into the Political Declaration released at the Munich summit and the Japanese Government stressed its accomplishments at the summit, claiming that "Japan has succeeded in building a consensus among industrial nations on Japan's position on the territorial issue." The Political Declaration called for "full normalization of Japan-Russia relations by resolving the territorial issue." The declaration, however, did not mention the northern territories issue and its expression was subtle.

At talks with summit participants, President Yeltsin said that, "if Russia suspends its reform programs, this would force Germany and other nations to pay a high price." The president's message, which can be construed as a "threat from the weak," dominated the summit to the last.

The president aimed for the "internationalization of aid to Russia." The issue of providing aid to Russia was already settled when the United States and Germany announced in early April on the eve of the Munich summit that they will provide $24 billion in financial assistance to Russia through the International Monetary Fund (IMF).

The two nations announced the financial assistance to Russia without holding any prior consultations with the Japanese Government, alleging that the seven industrial nations had agreed on the financial assistance; so the announcement came as a shock to the Japanese Government. Some government officials said that the announcement reminded them of the time when "former President Nixon bypassed Japan in taking the initiative for talks with China." Fearful of being isolated from the rest of the industrial nations, Japan had no choice but to belatedly approve financial assistance to Russia through the international monetary organization.

The Japanese Government's strategy focused on how to keep the "principle of not separating politics and economics," and the "territorial issue" in balance at the political arena of the Munich summit which was set to make a decision on aid to Russia.

Prime Minister Miyazawa lobbied for the "internationalization of the territorial issue" while touring Germany and France in April. It may be harsh to say that the prime minister's action was little more than an indication of Japan's agony, and inclusion of the territorial issue in the declaration saved Japan's diplomatic face.

The prime minister has frequently said that "now is the opportune time for a solution to the territorial issue."

The prime minister once said that the "northern territories issue is a remnant of Stalinism and now is the opportune time for Russia to move toward building a democratic nation after removing this remnant." His remarks implied that Japan's economic power is needed to reconstruct Russia's troubled economy.

His remarks are believed to have another meaning.

The drastically changing international politics are shaking "Japan's principle of not separating politics from economics" that sets the solution of the territorial issue as a precondition for economic aid to Russia.

Deputy Prime Minister and concurrently Foreign Minister Watanabe once said that "if Russia recognizes Japan's sovereignty over the four islands, Japan will recognize Russia's administrative right over the islands of Kunashiri and Etorofu for a certain period." His remarks on Russia's administrative right represented the very limit of concessions Japan can make in connection with the territorial issue. The foreign minister abruptly made the remarks shortly after the United States and Germany announced on 17 June the financial assistance to Russia through the IMF. His abrupt remarks revealed how the Japanese government was impatient in connection with the territorial issue.

As the latest summit indicates, if the international political mechanism, under which "Russia lobbies the United States and European nations and they in return press Japan for financial assistance to Russia, gains ground," Japan would have only limited cards to negotiate with Russia on the territorial issue. It can be said that Japan is being forced to resolve the territorial issue as soon as possible.

At the talks between the seven industrial nations and Russia, the Japanese prime minister said that "since

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Japan will host the next summit in Tokyo, I will work on international coordination for aid to Russia."

The prime minister intends to take the initiative in providing aid to Russia at the Tokyo summit after handling a visit by President Yeltsin to Japan in September. His remarks at the talks revealed his resolve to settle the territorial issue with Russia with the aim of prolonging the life of his government.

What the prime minister needs to do immediately is to review the substance of the "principle of not separating politics and economics" and Japan's preparations for negotiations with Russia on the territorial issue.

For example, the prime minister needs to clearly indicate the extent of Japan's cooperation, instead of approving whatever aid to Russia if the aid is provided through multilateral collaboration involving the United States and European nations. With respect to bilateral cooperation, now is the time for the prime minister to clearly indicate to the Russian side what sort of aid Japan can provide on a phased basis in response to progress in the territorial negotiations. The prime minister should not easily compromise on any matters once they are decided.

Japan should avoid a situation where it is isolated in connection with the territorial issue. In reality, Russia, which has continued to occupy the four islands for nearly half a century, is in a better position at the territorial negotiations. Japan is now compelled to make a decision which may impose a major political risk to Russia.

If Japan thinks that the four islands can be returned to Japan without any risks, it is a wishful thinking. Japan should keep this in mind.

Political Figures on UN-Led Security System

922B0154A Tokyo SHUKAN TOYO KEIZAI in Japanese 9 May 92 pp 66-73—FOR OFFICIAL USE ONLY

[Discussion by Ichiro Ozawa, former Liberal Democratic Party (LDP) secretary general; Shigeru Ito, Social Democratic Party of Japan deputy chairman; Satsuki Eda, United Social Democratic Party representative; and Hajime Funada, LDP Public Relations Committee chairman and director of the Administrative Bureau of Ozawa Research Council: "Security in an 'Age in Which the United Nations Plays the Leading Role'"]

[Text] We now face the age in which independent nations transfer a portion of their sovereignty to maintain security. The following are the minutes to a symposium conducted by the "New Concepts Research Council" chaired by Shuzo Inaba.

For the Sake of Peace and Prosperity in Japan

By Ichiro Ozawa

It sounds like one is talking in an extremely exaggerated manner when he uses the phrase "Japan's role in international society." But I have no intent to speak of an outrageous topic. I am about to talk about a very natural and proper topic.

My basic ideas rest on a major premise that encompasses objectives and ideas concerning politics or the status and policies of nations and are followed by detailed technical issues. This being the case, those of us who involve ourselves in politics must maintain a firm understanding of the major premise.

Politics protect the existence of Japan as a nation and the lives and property of the general public. You might say that politics protect lives and livelihoods. The general public as a whole probably wishes to maintain and hand down today's peace, prosperity, and happiness of Japan to future generations. This, in turn, represents the objective of politics and the major premise.

Then, the question is, what must we do to realize these goals?

Peace in our nation can be attained only if peace prevails throughout the world. In a world that has shrunk in scope to that of today, where Japan's influence has expanded greatly, even a conflict erupting in a distant region immediately affects peace in Japan.

Further, the maintenance of prosperity and economic expansion is conditioned upon world peace. It is universally known that Japan is almost totally dependent upon overseas areas for its resources and markets. The prosperity of our nation cannot be sustained without the free interchange of cultures and institutions of the nations of the world.

Therefore, Japan must contribute and play its role in a manner more positive than any other nation with a view to maintaining world peace. We must not assume the attitude that we will "shy away from undesirable tasks," but rather take the stance that we shall assume undesirable tasks with a positive attitude. This is an appropriate approach, for Japan enjoys the fruits of peace more than any other nation.

The United Nations exists as an organization for maintaining harmony and peace in the world. Debate currently exists as to whether the United Nations is functioning adequately in this respect, but at the present time, the United Nations is the only unified international organization in existence. Accordingly, I believe we should not assume a negative position towards the United Nations, but assume a stance wherein we increase the influence of the United Nations by faithfully discharging our rightful role as a member of the United Nations.

In conclusion, I make reference to the Japanese Constitution. As I stated at the beginning of my presentation, legal standards such as the Constitution prescribe rules which must be mutually upheld by the general public for the purpose of maintaining prosperity, peace, and a happy life. Legal standards do not take precedence over objectives and ideals.

I myself understand that the Japanese Constitution embodies and prescribes in its various articles the ideals that I portrayed in this presentation. Accordingly, I believe that attainment of the major premise and major objectives I portray do not face obstacles and that their ideals are mutually compatible in terms of the original interpretations and the proper nature of legal standards.

Three Proposals Applicable to the New Age

By Shigeru Ito

I believe it is very important that we now recognize "the new realities," think in terms of "new ideas," and implement "new policies."

This requires that we understand the changes and realities of today, not in terms of the near term, but on a historical perspective in terms of the intermediate period and the 21st century. At the same time, since the changes taking place now represent changes in world paradigms, we must think in terms of a large scale which exceeds past parameters. And, it is important that these ideas are converted into bold policies.

The spirit reflected in the Japanese Constitution and the UN charter, needless to say, emanated from lessons learned from World War II. However, this spirit was born, unfortunately, just before the advent of the cold war period and conditions which were incompatible with those ideals prevailed for 40 odd years. But, conditions have changed in a major way, and we now face the age where those ideals represent the "new reality."

Needless to say, the "new reality" does not unconditionally guarantee a rose-colored future. In order to ensure a rose-colored future, it is important that we give sufficient thought to real issues such as the North-South issue, issue concerning racial conflicts and the economic issue and how we will implement the ideals of the UN charter under the new conditions. In this sense, it will be a test of the wisdom of humanity.

I would like to present the following three proposals in consideration of these conditions.

The first proposal pertains to arms reduction in Japan.

The present Self-Defense Forces (SDF) can in no way be considered constitutional, but do exist legally. A major reduction in arms and a bold reorganization are required to extricate the SDF from its current unconstitutional status and to convert it into an organization enabling it to play an international role.

I believe it is desirable to split the SDF into three elements: 1) a large-scale rescue unit; 2) a UN peacekeeping organization operated under the command of the United Nations; and 3) a national defense unit.

However, it is not a simple proposal to split the existing SDF into three parts. There is no reason to restrict the membership of these units to current members of the SDF. We need to think in terms of recruiting personnel who are appropriate for the various objectives and building a new command system.

The second proposal pertains to conversion of the Japan-U.S. security system into a Conference on Security and Cooperation in Asia (CSCA). This represents an experiment in proposing and planning for a major security system for Asia which corresponds to the Conference on Security and Cooperation in Europe (CSCE).

Needless to say, major structural differences exist between Asia and Europe. However, new developments are emerging in the Korean peninsula and Cambodia. The complexities of Asia should not be considered in terms of the difficulty of maintaining a "peaceful agenda," but rather as reflecting the need for placing a high priority on the subject. Japan must work in earnest in this respect as a leader in the area.

My third proposal pertains to the new world order and the reform and revitalization of the United Nations.

With the advent of the post-cold war period, the importance, reform, and revitalization of the United Nations are being emphasized. Viewed from Japan's international position, no mention need be made that a positive contribution is being sought, but the government is having difficulty in assuming a fixed course.

However, it would be inadequate for Japan to merely make a positive contribution concerning such issues. Rather, it would be appropriate for Japan to advance a plan such as that presented by German leaders who propose "establishment of a Green Helmet Corps to handle issues concerning the environment and poverty, on the same scale as the Blue Helmet Corps of the PKO, rather than to seek membership as a permanent member of the Security Council." Japan's international cooperation must not be in the form which gives prominence to a military presence. I believe the Asian nations would not desire such an approach.

Age for Transfer of a Portion of One's Sovereignty

By Satsuki Eda

I am in agreement with the Ozawa Research Council's proposal for positive, active pacifism as a replacement for past concepts of "one-nation pacifism."

However, I would like to ask, what is new about a "new international society." I believe our perceptions differ on this point. The ending of the cold war not only signals the end of East-West confrontation, but a return to the conditions that inspired the establishment of the United Nations. In other words, we must clearly understand that we are not returning to the age before World War II, but that we are standing at a horizon that transcends that war.

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If one were to question the significance behind all this, it is that it augurs a different definition concerning the term nation. With the exception of a very short period following World War II, the world of the past consisted of sovereign nations competing for supremacy. However, the age where sovereign nations compete for supremacy has ended and the world is changing to an emphasis of a system to which nations transfer a portion of their sovereignty. I believe this has special application to military sovereignty.

In essence, the Japanese Constitution set a precedence in this respect. It serves as a precedent for a new age in which military sovereignty is transferred to international society and an internationally, publicly operated agency provides conflict-resolving services. Therefore, although this Constitution serves as a global guideline, it will not restrict Japan in terms of playiang a role in international society.

I believe that the system for transferring a portion of sovereignty to international society was, in essence, predicated on the cold war structure. Respective alliances were born and stood in mutual confrontation. The insurance of safety for such alliances now dictates that a portion of the respective sovereignties be transferred to a degree. I believe this phenomenon is now occurring on a global basis.

Therefore, international society must not return to the 19th century based on the ending of the cold war, but must advance towards the 21st century. I get the feel that the Ozawa Research Council's draft report is based on 19th century international political views or international hegemony systems. We are no longer in an age of *"Pax Americana"* or *"Pax Russo"*. I believe Japan should strive for a true *"Pax Consultus"* (an order based on international harmony).

There are many roles to be played. The military role is only one of the many roles. There is the possibility that playing a military role may preclude participation in other types of roles. I believe we should be very cautious in this respect.

However, at the same time, we must accept roles as the police agency and fire agency in international society. Mention of police or fire prevention work immediately leads to a discussion of the SDF, but if the SDF were deployed overseas in its present form, it would pose obstacles in the performance of other major roles that must be filled in this world. I believe that such an approach would be suicidal for Japan. On the other hand, Japan must accept the undesirable tasks, mentioned by Mr. Ozawa, in a manner commensurate with its capabilities.

I believe this situation demands the formation of an organization based on a philosophy which differs from that of the SDF. In other words, we are talking of an organization that does not possess a philosophy of fighting with the enemy and winning in an emergency, but which embraces a different philosophy of not fighting, restraining wars, and bringing peace of mind in times of psychological turmoil, and which represents an adequately trained outfit. I believe that this organization should not be placed under the command of the director general of the Japan Defense Agency, but under the command of the United Nations.

Building of "Collective Security"

By Hajime Funada

The Ozawa Research Council was installed in June of year before last. It goes without saying that its establishment was triggered by the Gulf war.

Then, the question is, what did we learn from the Gulf war?

I believe the lessons learned can be categorized into two areas. The first lesson was that the UN security system somehow unmistakably functioned for the first time in response to a conflict just when the cold war had ended. Needless to say, this was only a one-time experience. Currently, a second crisis is raging in Yugoslavia and a conflict is emerging in Cambodia, but whether the United Nations can function again as it did in the Gulf war will be demonstrated only through actual experience. However, it did work in at least one case. I believe that is a very important fact.

The second lesson learned reflects a situation peculiar to Japan. It is definitely important to take advantage of the economic strength of Japan and contribute in terms of material things and money. However, at the same time, it is very important in future international society that we extend cooperation in the form of human resources.

This will be somewhat of a vulgar story, but just after the liberation of Kuwait, the Kuwaiti people placed an advertisement in an American evening newspaper which expressed their gratitude. The advertisement expressed gratitude to 32 nations, but Japan, which had increased taxes to contribute the huge sum of $13 billion, was not included.

A case in contrast was the deployment of the Maritime Self-Defense Forces minesweeper unit. Reportedly, it was able to dispose of only 34 mines, but the most important mission assigned to Japan was for it to issue a safety proclamation that "the maritime district was free of all mines." This was a very difficult mission.

Domestic appraisal of that deployment was not very favorable in Japan, but it was given high marks in overseas areas. Considering that outcome, I feel that making contributions in the form of human resources is very important.

The economic approach is always mentioned as a method for Japan to contribute internationally. However, now that Japan's influence has grown as much as it has, we cannot exempt ourselves from making contributions in the area of security. We must think in terms of participating in the form of new roles.

In concrete terms, we must play an active role in the UN security system.

A broad perspective of the UN security system calls for the administration of "international justice." This principle is basic to the UN security system.

Moreover, the United Nations is assigned the function of assisting those who are right and punishing those who are wrong. Article 6 of the UN Charter covers political and economic sanctions, while Article 7 covers UN Forces-led sanctionary activities.

However, participation in UN Forces activities poses many problems including that which pertains to the Japanese Constitution.

Cumulative government response to questions pertaining to Article 9 of the constitution has produced the fixed interpretation that the "right to independent self-defense" is recognized. However, in terms of the "right to collective self-defense," the interpretation is that this is not recognized, despite the fact that international law supports the position that all independent countries have such a right.

However, aside from these provisions, there is the concept of "collective security." This concept envisions the transfer of the right to independent self-defense and the right to collective defense of respective nations to a global agency such as the United Nations and the execution of sanctions, including military actions under the command and direction of the United Nations. In other words, the UN security system is based on this concept of "collective security."

Constitutional interpretations concerning this third concept are not necessarily clear.

Certain quarters voice the criticism that "an attempt is being made to gloss over the situation with an interpretation, since a constitutional revision is not feasible." However, we are not thinking of such an approach. Rather, we would prefer that an appropriate interpretation be made to fill the current void, because we believe that recognition will necessarily be extended to collective security. And, if such recognition cannot be granted, then we should give consideration to constitutional revision.

Roundtable Discussion—What Is the Purpose of International Contribution?

[Ito] CSCA, Conference on Security and Cooperation in Asia and the Pacific (CSCAP), or Conference on Security and Cooperation in the Pacific and Asia (CSCPA) are fine ideas, but Japan must work earnestly towards their establishment without overbearance and without making itself obvious. Mr. Funada, what are your thoughts on this point?

Then there is the question on the reduction of the SDF which I mentioned at the beginning of my presentation. The question is, does the general public consider it necessary to retain a large SDF like the one which existed during the cold war period?

I myself as an individual believe that it would be appropriate for the presentation of a bold proposal calling for the halving of armaments not only in Japan but on a global basis during the next 10 years. I think that it would be very appropriate for today's Japan to embrace such a concept. New missions for the SDF are being considered without the presentation of such a proposal. This is what I don't understand.

[Funada] It has been pointed out that we are debating along the lines that the SDF must be deployed no matter what, or that we must retain the SDF, but this is not the case.

Our nation is a member of the United Nations. The UN Charter, I would say, does not prescribe obligations, but specifies certain responsibilities. I believe we should discharge these responsibilities scrupulously.

A proposal was made for arms reduction. I believe the worldwide trend is towards arms reduction, but in the case of the Far East region, we cannot say that arms reduction is taking place in a form that allows for verification. It is necessary that arms reductions are administered in a manner that calls for mutual balance. Any loss of balance can lead to the stimulation of aggressive intentions and the possibility of renewed conflict. As far as security is concerned, there is a need to maintain the capability to respond militarily.

And, one of the ideal forms of that capability is the "UN Forces." However, Japan would probably find it difficult to participate in those forces by dispatching civilians as opposed to SDF personnel. I believe it would be the safest and the most effective to have SDF personnel with military knowledge, training, and technology to serve with the UN Forces.

Concepts such as CSCA were discussed in our research council. Working papers preceding the draft report contained the words, "Consideration should be given to the establishment of a collective system for Asia like the CSCA." These words were deleted in the final stages.

There were two reasons for this deletion.

One was the complexities of Asia as pointed out by Mr. Ito, and the other was in deference to U.S. viewpoints concerning Asia.

The United States controls Asia in a variety of respects and intends to continue to do so in the future. Specifically, it has advanced this concept by forming bilateral relationships with various countries such as seen in the Japan-U.S. Security Treaty. If Japan were to announce that "it wishes to enter into comprehensive arrangements, including the issue of security," the United States would be placed in a very difficult position.

This is not a case where we are avoiding a situation because we might upset the United States. Already, discussions concerning security for the Asian region as a whole are being held at expanded foreign ministers' conferences of the Asia Pacific Economic Cooperation (APEC) and ASEAN. Thus, discussions of this nature can lead to phased expansion into organizations such as CSCA. This approach is reflected in the papers produced by the Ozawa Research Council.

[Eda] Earlier, Mr. Funada apologetically introduced a story as being of a vulgar nature, and spoke of the advertisement on the gratitude of the Kuwaiti people.

I would like to ask, "Why in the world is Japan contributing to world efforts?" Are we doing so to gain the recognition of the world and to enhance our prestige? Or, are we doing so with the intent of making a contribution to the world? Mr. Funada's explanation gives me the impression that our reasons are supported by motives concerning the struggle for supremacy.

I have one more point to make. A comment was made suggesting that we fill the void concerning constitutional interpretation on the concept of collective security. The paper being prepared by the Ozawa Research Council proposes to refer to the matter as "international security." The question then, how does noe say "international security" in English?

The term is *international security*. However, in U.S. debates about security, this term refers to American security. If thought is not given to including the security of Central and South America in terms of international security, U.S. security cannot be attained. This term was derived from such concepts.

But this is not the approach to be adopted for the future. What is required for the future is the "common security" approach proposed by the Palma Committee. The concept calls for placing arms reduction under this basic system and to build a system for common, universal security. I believe such an approach is essential.

[Funada] Needless to say, we do not contribute to worldwide efforts to win the acclamation of other nations. This is repetitious, but the long-term preservation of current Japanese prosperity must be premised on global peace. This is the very reason why Japan must contribute.

The reason for changing collective security to international security was simple—to avoid confusion with the right to collective self-defense. I believe we can all understand if the concept is rephrased to read, "UN-led international security."

Let's Think in Terms of an Active United Nations

[SHUKAN TOYO KEIZAI] What are your thoughts concerning the UN Forces?

[Ito] Our party considers that to be a very important issue. However, I believe that this is not an issue which Japan alone can handle in the way of a major role for the purpose of arriving at decisions.

What concerns me somewhat on this question is that the "UN Forces" will in the end be afforded prominence and that this will lead to my previous concern about "arguments for avoiding reductions in the SDF."

We definitely are unable to deny the existence of the United Nations to prevent conflicts and confrontations through military capabilities and power logic. However, the United Nations is not limited to these roles. I believe that we should establish an understanding of UN roles from a broader perspective and review the situation from that viewpoint in determining the roles to be played by Japan.

However, I do recognize that the establishment of the UN Forces is a very important topic.

[Eda] If one were to engage in a somewhat premature debate, there is the question of whether Article 7 of the UN charter prescribes the appropriate form of UN Forces or UN police force. The charter provides that the respective nations will offer their military units. I believe that instead of such an approach, the respective nations should contribute personnel to serve under the control of the United Nations

I have this idea wherein the United Nations establishes a UN police force, where Japan recruits personnel and conducts training under contract from the United Nations. The question is, will this violate the Constitution?

I have this feeling that this approach would not violate the Constitution. But, if it is determined that it would be a violation, then I don't think we should hesitate to propose a constitutional revision.

One more point. A while back Mr. Funada mentioned two difficulties with the CSCAP concept. If we insist on speaking of the peculiarities of Asia, peace will never come to Asia. Therefore, we must take some type of action, before speaking of Asian peculiarities. I believe we must persuade the United States based on a given vision.

[Funada] Mr. Eda said that the new format for future international society called for the transfer of sovereignty. While the United Nations is the foremost agency calling for the transfer of sovereignty and aiming for international harmony, the many activities of the United Nations include the handling of sanctionary activities. What do you think of those activities?

[Eda] I have already said this, but I believe that a UN-led world order requires sanctions to eliminate any wrongs.

The problem lay in the response of Mr. Ozawa who then says that that would involve the SDF. This is where I differ in approach. If it is to be a UN-led situation, then

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a genuine UN military organization should be established. I question why we cannot build a model to suggest a policy that points in that direction.

I would like to say that if we insist that concepts such as CSCAP would irritate the United States, then we are not going to be able to free ourselves from an international hegemony system.

[SHUKAN TOYO KEIZAI] UN Forces have yet to be established. Although UN Forces functioned in the Gulf war, that was only a one-time situation. Further, even if the majority agrees, if one country exercises its veto authority, no action can be taken. Debate exists which questions the reliability of such a United Nations.

[Funada] What you say is certainly true. However, the United Nations is the only agency which can handle matters on a global basis. Thus, it is important to revitalize the capabilities which were originally entrusted to the United Nations, and Japan is beginning to move actively toward executing its responsibilities in this respect.

[Eda] I agree. If I were to supplement that statement somewhat, I believe we should think in comprehensive terms when we talk of UN roles so that they include subsystems such as GATT and the OECD. Just as Mr. Funada says, I think we should not take an overly indifferent approach to the United Nations and view it with an active approach calling for "whatever actions might be supportive of the United Nations."

Industry Asked To Tighten Arms Export Controls

OW1707045992 Tokyo NIHON KEIZAI SHIMBUN in Japanese 17 Jul 92 Morning Edition—FOR OFFICIAL USE ONLY

[Received via Nikkei Telecom data base]

[Text] On 16 July, the Ministry of International Trade and Industry [MITI] called on 33 major industries to be thorough about controlling the export of materials and equipment that can be used to produce weapons of mass destruction, such as nuclear weapons. Developed nations are strengthening and expanding their regulations on the export of such goods to developing countries in order to prevent the proliferation of weapons of mass destruction. The recent request is a part of this campaign. In particular, MITI asked the industries to watch their trade partners to prevent them from reexporting materials and equipment to other countries that may use them for arms production. MITI also asked the industries to form a system within their companies to control not only materials to be exported, but also countries that want to import such materials.

The 33 major industries MITI called on are machine manufacturers, automakers, and trading companies. Among other things, senior officials of the MITI Trade Bureau explained to representatives of the industries that 1) export regulations will be applied to general-purpose goods, including factory machines; 2) industries have to take responsibility if their products are reexported and used for the production of weapons. Moreover, the officials pointed out that it is necessary to strengthen measures designed to control countries that import goods from the industries.

Broad Interest in New Naval Propulsion System

OW1607115992 Tokyo NIHON KEIZAI SHIMBUN in Japanese 12 Jul 92 Morning Edition p 15—FOR OFFICIAL USE ONLY

[Text] American and French military specialists have eyed, with much interest, the "Yamato-1," the world's first superconducting electromagnetic-propelled vessel, which is continuing to undergo sailing tests on the open sea. What interests them is the possibility of the construction of a completely silent submarine that can avoid sonar detection. This can be made possible by combining batteries with the propulsion system that has successfully passed the current tests. Bewildered by the unexpected response from abroad, the Ship and Ocean Foundation (SOF, headed by Mr. Ryoichi Sagawa) has ruled out the possibility of diverting this technology to military purposes, but there seems to be serious foreign interest, as foreign diplomats in Japan repeatedly pay visits to the factory. In connection with the defense technology cooperation accords with the United States, unexpectedly complicated developments may be awaiting Japan's own highly advanced technological project in the future.

"Out From a Novel, Into the Sea"—this was the headline that the international newspaper, the INTERNATIONAL HERALD TRIBUNE—which is edited in Paris and published worldwide—gave to an article published on the day after Yamato-1's first test run on 16 June, together with photographs on the front page. It was a direct copy of its affiliated newspaper, THE WASHINGTON POST.

Ultrahigh Speeds Are Not a Dream

The "novel" referred to above is Tom Clancy's *The Hunt for Red October*, which also became a movie starring Sean Connery. It features a Russian "silent sub" that outmaneuvers the latest U.S. nuclear submarines. THE WASHINGTON POST's Far East bureau chief, Thomas Reid, who wrote the article, said: "Red October's silent propulsion system, which used to be fiction, has now become a reality, and it floats on the ocean."

As Mr. Reid wrote, the propulsion system for Red October and that for Yamato-1 is of the same concept. It is a direct application of "Fleming's rule of the left hand." If an electric current is directed to the left with the direction of the magnetic field pointing downward in relation to the direction of the vessel's movement, a backward thrust is created. The Yamato-1 is unique in that it employs a powerful superconducting magnet to create the magnetic field.

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The SOF designed the Yamato-1, and Mitsubishi Heavy Industries' Kobe Shipyard and other firms, aiming to build a high-speed transporter, invested 5.5 billion yen in developing it. The Yamato-1 is 30 meters long, 10 meters wide, and weighs 280 tons net. It resembles a space shuttle that has landed on the ocean with its wings folded.

During the test run in Kobe in mid-June, the vessel attained a speed of 5.5 knots (10 km/h), but theoretically it is not unrealistic for the vessel to achieve a speed of 100 knots (180 km/h). SOF's Setsuo Takezawa, chief of the superconducting electromagnetic propulsion vessel development section, says: "If the vessel should be developed, it will have an impact in bringing about great changes to the system of maritime transportation."

Research Began in the 1960's

Instead of speed, however, what interests foreign military specialists is the fact that absolutely no sound is generated by Yamato-1's propulsion system. With a conventional propulsion system that employs screws, cavitation creates bubbles in the water, and bursting bubbles create sound. This can be taken advantage of by submarines that employ it to detect each other, making it one of the weaknesses of conventional submarines.

Since, in contrast, the electromagnetic propulsion system rules out cavitation, the Navies of the United States, Europe, and the former Soviet Union have reportedly continued research on it since the 1960's. By employing a superconducting electromagnet, the SOF was able to overtake all the other nations in the race and managed to reach the stage of conducting test runs.

According to the SOF, U.S., French, and Swedish embassy officials in charge of scientific and technological affairs have visited Mitsubishi's Kobe shipyard to see the Yamato-1, so far. In addition, Norwegian and Canadian embassy officials have reportedly called the SOF headquarters in Tokyo to inquire about the Yamato-1's propulsion system.

Since the Yamato-1 generates electricity required for its propulsion system with a diesel engine generator, some noise is generated. However, the Superconductor Technology Research Institute's Toru Shiohara, in charge of Laboratory No. 4, says: "By using a power supply with nonmoving parts (such as fuel cells and atomic batteries), truly silent operation can be achieved."

Of course, the SOF strongly resists being looked upon as working on developing military technology. Chairman Ryoichi Sasagawa of the SOF's "Committee on Development and Research for a Superconducting Electromagnetic Propulsion Vessel" says: "We strongly adhere to the use of our technology for peaceful purposes. If there are any requests from abroad (concerning diversion of our technology to military purposes), we intend to refuse (cooperation)."

However, a commentator on international affairs, Mr. Kaoru Murakami, who is an authority on military technology, analyzes the situation, saying, "Recently, the mutual exchange of technological information has become widespread at the governmental, as well as civilian levels. If the United States shows strong interest in the superconducting electromagnetic propulsion technology, Japan may agree to respond in some way."

Finding itself in a delicate position, the Ministry of International Trade and Industry, which regulates the export of arms, says: "If we judge that the superconducting electromagnetic propulsion technology is for commercial purposes (developed for such use), then we will approve its export, provided that necessary paperwork has been completed."

Speed Is Sufficient, Even at Under 10 Knots

Nevertheless, a top speed of 5.5 knots is indeed slow as a propulsion system for boats. To raise the speed to 100 knots, it is said that tens of thousands of kilowatts of generator power would be required. Moreover, its stability is questionable, as the quenching phenomena—during which the state of superconduction disappears due to such conditions as overheating of the coils in the electromagnet—repeatedly occurred during the test run. Even among SOF circles, the majority opinion is that "it would be sufficient if the system were to become practical by the middle of the 21st century."

Among specialists, however, there exists the idea that, "with submarines, an ordinary propulsion system can be used normally, and the electromagnetic propulsion system can be used when necessary." A leading technician of a major domestic ship builder sees that "in that sense, it has sufficient usefulness even at speeds under 10 knots." That reminds me that in the novel, the Red October's top silent speed was 10 knots, at which speed it outmaneuvered the latest design in U.S. nuclear submarines.

MITI Promotes Technology for Lightweight Plane

OW1607130292 Tokyo NIHON KEIZAI SHIMBUN in Japanese 15 Jul 92 Morning Edition p 1—FOR OFFICIAL USE ONLY

[Text] The Ministry of International Trade and Industry [MITI] plans in fiscal 1993 to begin developing technology for producing superlight airframes and engines which are to be used for the next-generation supersonic passenger aircraft [SPA] expected to be placed in commission in the beginning of the 21st century. By establishing technology for overall utilization of carbon fiber in airframes and engines, fuel consumption will be reduced by about 36 percent as compared with that of current passenger planes, thereby controlling carbon dioxide and nitrogen oxide emissions. Consultations will hereafter be held to work out major plans for such technological development. However, it has been observed that the project will probably be entrusted to a research group composed of private companies—

including foreign ones—and will be promoted as an international research project. MITI plans to provide 30 billion yen in subsidies over six years, and requests the Finance Ministry include this amount in the budget for the next fiscal year.

It is hoped the next-generation SPA will be capable of traveling between Tokyo and New York in approximately three hours at a speed of Mach 2.4, which is 2.4 times the speed of sound. Aircraft designers in Japan, the United States, Europe, and Russia have already started joint preliminary surveys; it is likely the joint international project will be promoted even when entering the stage of actual development.

Among the factors that led MITI to decide to develop technology for producing superlight material while paying attention to SPA development are: 1) preservation of the global environment, which has now become an important task for the entire world; and 2) reduction of fuel consumption, which will lead to control of carbon dioxide emissions and reduction of operation costs, thereby giving impetus to SPA introduction. If development of technology for producing superlight materials should fail to catch up with SPA development, MITI plans to shift its target to the next-generation SPA aircraft.

The project for producing lighter airframes will be promoted by the overall utilization of material composed of carbon fiber, or the compound material composed of aluminum alloy and carbon fiber, which will be 30 percent lighter than duralumin—which is currently being used. Such compound materials have been used for passenger aircraft—for example, they are used as part of the empennage of the U.S. Boeing "B-747"—but account for only 2 to 3 percent of the aircraft's total weight. They are also used as part of the empennage and engine covers for the "B-777" which is expected to be commissioned in 1995. However, the amount of such material used accounts for only 12 percent. MITI plans to positively introduce compound materials for engines in addition to the main airframe—which is the heaviest part of the plane—and then replace almost all parts of the airframe with compound material. It has been observed that when materials such as carbon fiber are used, it will be possible to produce the plane in more complicated shapes than when metals were used, thereby increasing aerodynamic force; such integrated processes in forming the airframe's larger parts will also lead to a reduction of production costs.

Since the technology for integrated processes in forming extremely large parts such as the airframe has not been established as of yet, MITI intends to start full-scale technological research beginning fiscal 1993. In concrete terms, a plan has been suggested for a research group of aircraft and material producers to be organized first, then the ministry will entrust the project to this group. However, Japan was once criticized by foreign nations for forming a "Japan Corporation" to appropriate state funds in order to support research groups composed of private Japanese companies in developing new technology. For example, such a technological research group was organized for developing super-large-scale integration (SLSI). The United States once strongly criticized the appropriation of government subsidies for aircraft development by the European Airbus Industries. Therefore, it has been observed that taking these cases into consideration, MITI will probably approve the participation of foreign enterprises when the research group is organized.

Yamagishi Interviewed on Rengo, Politics

OW1607040492 Tokyo BUNGEI SHUNJU in Japanese Jun 92 pp 126-132—FOR OFFICIAL USE ONLY

[Interview with Akira Yamagishi, chairman of the Japanese Trade Union Confederation (Rengo), by unidentified reporter; date and place not given]

[Text] [BUNGEI SHUNJU] I will starting with a question relating to the House of Councillors election. Is it true that the "Rengo type" of candidate does not always join the "Rengo Sangiin [upper house floor group]" after being elected?

[Yamagishi] "Rengo Sangiin" and "Rengo-no-kai [political party]" used to be one and the same; in other words, "Rengo-no-kai" always meant "Rengo Sangiin." However, we have started to think this is not good and "Rengo-no-kai" should be more wide-ranging and should include former members of the labor sector, scholars, and members of the intellegentsia.

Therefore, even if a candidate wins the election with the endorsement of "Rengo-no-kai," or as a member of the group, it does not mean that he or she will automatically belong to "Rengo Sangiin." Some candidates, with the understanding of the voters, with due respect to the candidates' personal opinion, and after consulting the supporters' groups, can go to the Social Democratic Party of Japan [SDPJ], Democratic Socialist Party [DSP], or can be purely independent reformists. We are trying to change into such a form.

[BUNGEI SHUNJU] If electors vote for "Rengo" and the candidates join the DSP or SDPJ later, this may be criticized as a "fraudulent practice to deceive the voters."

[Yamagishi] I do not think this will happen, because we can explain this to voters during the election campaign. Without an explanation, this may be a considered a fraud. But we will make adequate explanations.

Besides, most candidates will join the "Rengo Sangiin." It is unlikely that half of them will go to other parties. Only a few will do so.

[BUNGEI SHUNJU] The DSP is saying, "Onishi in Hiroshima will surely join the DSP. So will Morita in Tokyo."

[Yamagishi] This has been discussed at Mr. Onishi's nominating group, and it has been accepted as an unwritten rule that he will join the DSP if elected. Adequate explanation will be made to win the understanding of the voters.

[BUNGEI SHUNJU] How about the other candidate in Tokyo?

[Yamagishi] As for Mr. Morita, the three parties and Rengo Tokyo are going to deliberate on it, giving consideration to his own intention after he wins the election. The DSP is saying he "will join the DSP." That is simply wishful thinking. I heard that he will not belong to any party after being elected.

[BUNGEI SHUNJU] The recent "Rengo boom" is also backed by the voters' disillusionment with the existing opposition parties, such as SDPJ and DSP. The voters will not be satisfied if the candidates, who are elected on the "Rengo" ticket, go the to SDPJ or DSP.

[Yamagishi] Well, I do not think so. For example, a "Rengo-type" candidate was elected in the fifth district of Hyogo in the last House of Representatives election. After the election, it was decided that this candidate would join the SDPJ as a result of the discussions among SDPJ, DSP, Rengo, Yuai Kaigai, and Kenpyo [General Council of Trade Unions of Hyogo] Center. There has been no particular trouble because of this. Therefore, things should be dealt with on a case-by-case basis and every electoral district has a different situation.

Clear and Definite Policies Are Needed

[BUNGEI SHUNJU] Another question is about the relation between "Rengo" as a federation of labor unions and "Rengo Sangiin." After all, they are not totally the same. Is that correct?

[Yamegishi] They are not the same. If you look at the agreement between "Rengo" and "Rengo Sangiin," we will see that "the two parties have a cooperative relation while respecting each other's independence." This is not a relation in which one controls the other, or in which one is subordinate to the other. It is a relation in which each has its own subjective will.

[BUNGEI SHUNJU] However, we heard that on 16 April you met Mr. Ouchi, chairman of DSP, and that both of you talked about the future deliberation of the PKO [peacekeeping operations] bill. We have the impression that you decide the activities of Rengo Sangiin in the Diet.

[Yamagishi] That is a misunderstanding. "Rengo Sangiin" and "Rengo" support and cooperate with each other. This is like the relation between the Giants and its cheering squad in baseball. Mr. Ouchi simply asked me "how the cheering squad analyze the players of the Giants." He said that, "at the political party level, when I talk to the representatives of 'Rengo Sangiin,' they do not speak frankly." I gave my own analysis: "When the deliberation is about to start, naturally, they hardly speak about how it should be concluded. I do not think the original policy 'Rengo Sangiin' put forth will remain the same until the final stage. We may face the situation where we will have to cope with the developing discussions of the Diet realistically." I know this can happen because I am usually in touch with "Rengo Sangiin."

[BUNGEI SHUNJU] "Rengo Sangiin" says that "we can formulate policy by ourselves, but it cannot be different from that of 'Rengo.'"

The labor union "Rengo" is the creator and cheering squad of "Rengo Sangiin." Of course, it is difficult for the players to deal with a matter over which no agreement has been reached with the cheering squad. For instance, when opinions inside "Rengo" are divided over the PKO Bill, "Rengo Sangiin" does not know which side it should support. I think if the supporting "Rengo" has not arrived at a definite opinion, it will be unavoidable for "Rengo Sangiin" to be influenced by this.

To put it in another way, I believe it is important that "Rengo," as a cheering party, should reach an accord of opinion to make the Diet activities go smoothly. This kind of correlation exists between the two. But we do not put each other under pressure or subordination.

[BUNGEI SHUNJU] The policies of "Rengo" are being formulated at a fast pace. Do you think you will come up with definite policies?

[Yamagishi] We will see what we can do. However, I think you cannot call something that is abstract and obscure a policy. It should be definite and clear. The three key Rengo officials are scheduled to stay overnight from 15 to 16 May to discuss the Self-Defence Forces issue and the PKO cooperation bill. I do not have the slightest intention of making a vague conclusion. If we do, the capability of Rengo as the only national center representing the workers in our country will be doubted.

[BUNGEI SHUNJU] On the other hand, if you come up with policies, there will be criticism that "the labor union's direct involvement in politics violates the framework of parliamentary democracy."

[Yamagishi] That is what certain ignorant people in the ruling and the opposition parties are saying. There are three missions of the labor union for all ages and in all places. First, it is to solve such problems as salary and working hours in labor-management relations. Second, it is welfare activities for workers. Finally, and most importantly, it is to tackle the policy issues which form the basis of the material life of the members of the union, such as land and housing policies, education, medical service, pensions, and environment.

We have no choice except to solve these problems in politics. No matter how much an improvement of the labor-management relations increases nominal wage, it will be meaningless if taxes are trebled.

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The pay increase and the shortening of working hours are the missions of the sectoral labor organizations under "Rengo." The mission of "Rengo" as the national center is the third task, to solve the institutional policy issues. This is our major mission. It is natural that we should approach each political party to win their understanding about the policies "Rengo" demands and that we should create the conditions to realize these policies.

I want to make it clear that there is a limit to what a labor union should do. Although they have to be involved in political conflicts, we are not going beyond the lines of this limitation.

Criticism by the Opposition Parties Turns Out To Be Harmful to the Parties Themselves

[BUNGEI SHUNJU] We understand that "Rengo" supports the SDPJ and the DSP. Considering what you have mentioned, however, it can be interpreted that "Rengo" is trying to be directly involved in politics by having a faction, "Rengo Sangiin" in the upper house. In fact, there is an opinion in the SDPJ and the DSP that it has "gone too far."

[Yamagishi] It is like spitting up into the wind. If the SDPJ and the DSP criticize us that way, I cannot forgive them.

Of course, the creator of "Rengo Sangiin" is "Rengo" at the labor union level, but it was not created only by "Rengo." It was established three years ago by the SDPJ, the DSP, and Komeito as well.

I can understand if it is the Liberal Democratic Party [LDP] which says that "Rengo" is "impertinent." But how can the creators, the opposition parties, criticize "Rengo Sangiin"? Who is saying such an irresponsible thing? I will stand face to face with them in an open forum, or whatever. I would like to tell them "do not belittle the labor movement."

We did not establish "Rengo Sangiin" to achieve the goals of "Rengo." Of course, we want "Rengo Sangiin" to strive hard to realize the policies "Rengo" is demanding. But we are not relying only on "Rengo Sangiin." It is not a political party, but a faction in the upper house. After all, political parties must play the major role. That is why we take political parties seriously and we are making great efforts for the realization of the policies by creating the venues for organic discussions and maintaining cooperation with the SDPJ, Komeito, DSP, and United Social Democratic Party [USDP].

[BUNGEI SHUNJU] From your point of view, for what purpose does "Rengo Sangiin" exist?

[Yamagishi] As seen in the operational outline of "Rengo Sangiin," it functions as "a bridge to aim at a new alliance of political forces to capture political power in the place of the LDP." Its political stance is clear and definite.

This new alliance of political forces does not mean only the SDPJ and the DSP. That is the total force of the opposition parties, except the Japan Communist Party [JCP]. If this alliance is formed, "Rengo Sangiin" is expected to join forces with it eventually.

I do not think what matters is that "Rengo Sangiin" increases the number of its members. If an alliance of nongovernment parties is realized, the "bridge" will be dissolved eventually. That is why we did not make it a political party.

As for concrete daily activities in the Diet, I would say they aim to realize the politics of workers with good sense, like Ryokufukai [an upper house caucus formed by 74 independent conservatives in 1947; disbanded in 1965] from the past. It gives full play to the role of the upper house in the bicameral system and serves as a check to the House of Representatives. This is how we characterize its role.

[BUNGEI SHUNJU] Regarding the unification of opposition parties, Mr. Yamagishi, you have been advocating the formation of a "New Social Democratic Party" [Shamin Shinto] for some time.

[Yamagishi] I do not limit this to the SDPJ and the DSP; instead, I am talking about the total force of opposition parties, except the JCP. The SDPJ and the DSP are just a part of this united force; however, there is a proper procedure for everything. Practically speaking, parties that can be united easily should be unified in the first stage. Because the SDPJ, DSP, and USDP were originally one political party, in this context it is common sense that these parties should first form one great coalition. This new body will be different from Komeito in its organizational basis and character. That is why I am saying these two bodies should be linked by a bridge and maintain a cooperative structure.

[BUNGEI SHUNJU] It has been a long time since discussion about a coalition between the SDPJ and DSP began, and there is still no hope of realizing this goal.

[Yamagishi] I think a sound alliance among opposition parties should not take 20 years to build. It should be done as soon as possible.

[BUNGEI SHUNJU] If the coalition between the SDPJ and the DSP fails, is there any possibility of forming a new party with Rengo as its nucleus as a last resort?

[Yamagishi] No, I have never talked about forming a new party. This is what a powerless unimportant man is saying. If I mention forming a new party, the SDPJ and the DSP will not keep silent. "Rengo" will disintegrate in midair.

Union members at work sites are hoping that "the opposition parties will unite to improve Japan's politics." What I am saying is that they will lose their confidence in us if we are always in conflict, saying, "I belong to the east, and you to the west." If the conflicts continue, it is very possible that some labor unions who have adopted a modern, rational outlook, will start to think they had better become partners with the ruling party, which has the ability to implement policies, rather than with the opposition parties, who have failed their expectations. I warn the opposition parties about this possibility from time to time, but I doubt they are taking it very seriously.

[BUNGEI SHUNJU] For example, have you already had in-depth talks with Mr. Tanabe, chairman of the SDPJ, about reorganizing opposition parties in the future?

[Yamagishi] Not yet. It is unnecessary to do so. Even if Mr. Tanabe and I do not discuss it officially, 95 percent of our opinions about the world are the same, and we understand each other even without words. The same is true with Mr. Satsuki Eda.

A Decision I Staked My Political Career on

[BUNGEI SHUNJU] Going back to the subject of policy, you have been making statements about reorganizing the political world, the future role of "Rengo Sangiin," and your attitude toward the PKO Bill in many places. Did these statements represent your personal views? Or were they the general opinion of "Rengo"?

[Yamagishi] Of course they are my personal opinions. As the chairman of "Rengo," I try to consolidate the whole organization with my world outlook.

For instance, in connection with last year's PKO bill in the House of Representatives, I took part in a great debate in "Rengo." I proposed that "we should not discard the bill but should pass the bill even if it it has to be amended"; however, half of the people proposed "we should discard it." That was the limit of arguments at that time.

In late November, however, the choices narrowed down to realistic ones, and the alternatives were: The LDP-Komeito proposition that no prior approval from the Diet was required, or the DSP amendment providing for prior Diet approval.

I am opposed to the peacekeeping forces [PKF], but the question of whether the PKF is good or not is not an issue any more. In view of my responsibility as the chairman of "Rengo," I then made my view clear that "we should support the DSP amendment." That was a very crucial decision on which I staked my political career.

The most difficult issue is the constitutional position of the Self-Defense Forces [SDF]. I grudgingly take the position that it is constitutional. In other words, my opinion is: As long as Japan is an independent country, it possesses the right of self-defense; this right is to be recognized. Based on this premise, the existence of the SDF is also accepted; however, when I discuss this in "Rengo," one-third of the organization claims that the existence of SDF violates the Constitution." In short, one-third of Rengo is opposed to my opinion. But I do not think that I can look on idly just because no consensus has been reached. A man with such ideas is not qualified to be a leader. After all, when I have to make a decision as the chairman of "Rengo," I have to stake my political career on it. A leader who fears the public will be a total failure. He should take three or four steps forward and speak up in public.

[BUNGEI SHUNJU] We are wondering if "Rengo's" organization itself may break up due to this.

[Yamagishi] That will never happen.

[BUNGEI SHUNJU] It has been heard even from "Rengo" members that "Yamagishi, the political freak, is putting on a one-man show."

[Yamagishi] The question is who is saying such a thing. For example, Yamagishi is having his own way in the eyes of those who claim "the SDF are unconstitutional." People who are not satisfied with "Rengo" elections may say that I am arbitrary. These irresponsible remarks prove that "Rengo's" rules have not been established yet. I have never made any irresponsible and groundless statements. The internal organs of the organization are united.

[BUNGEI SHUNJU] What do you say to the criticism that it is questionable for you to see LDP influential politicians, such as Vice President Kanemaru, occasionally?

[Yamagishi] If we want to realize our institutional policy demands, it is necessary to gain sympathizers for "Rengo" from the ruling party as well as the opposition parties; therefore, there is no reason to refuse to meet Mr. Kanemaru when he wants to "see the chairman of 'Rengo.'" If I see him and conduct transactions behind the scenes that damage the welfare of the members of the labor union, that is an entirely different scenario. I talk about what benefits the public and the union members. Besides, this is reported at "Rengo's" meetings. I never engage in a discussion alone. I always have an attendant present in the discussion.

[BUNGEI SHUNJU] Such personal activities by Mr. Yamagishi have exaggerated the "Rengo's" image. After looking inside "Rengo," one can see the real conditions are different. In other words, we have the impression that the "illusion" Mr. Yamagishi has created has been exaggerated.

[Yamagishi] This illusion is not my fault. It resulted from the LDP's terrible politics. I am not conceited at all. I know we do not get votes based on "Rengo's" excellence.

In other words, the Japanese people are not casting votes for "Rengo." They merely appreciate a "non-LDP alliance." Most people know that Rengo is intangible. Even if they realize this, the problem is they have no other

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Officials Prepare for ASEAN Ministers' Meeting

BK1707090992 Kuala Lumpur BERNAMA in English 0757 GMT 17 Jul 92

[By Ghazemy Mahmud and Zainoor Sulaiman]

[Text] Manila, July 17 (OANA-BERNAMA)—The restructuring of the ASEAN secretariat and the contest for the grouping's newly-upgraded post of secretary-general will be among the main issues to be discussed by senior officials who begin their meeting Friday in preparation for the 25th ASEAN ministerial meeting here next week.

Officials said the deliberations in the next few days would basically be a follow-up to work out the implementation of the decisions taken at the Singapore summit in January.

They said successful reorganisation of the ASEAN secretariat was an important new direction for the six-member grouping to meet the fast-changing global economic and political order.

The Association of Southeast Asian Nations (ASEAN) groups Malaysia, Thailand, Singapore, Indonesia, the Philippines, and Brunei.

Malaysia's delegation to the senior officials meeting is led by Foreign Ministry Secretary General Ahmad Kamil Jaafar.

Besides the senior officials meeting, the ASEAN standing committee under the chairmanship of the Philippines, met separately to consider and adopt reports by the various ASEAN committees and working groups.

Malaysia's delegation to the standing committee meeting, headed by the Malaysian Ambassador here, Zainuddin A. Karim, includes the newly-appointed director-general of ASEAN Malaysia, Zainal Abidin Alias.

Besides expanding and strenghtening the role of the secretary-general to ministerial level to give him more clout to put forward initiatives, ASEAN leaders, in their summit in Singapore, agreed in principle to streamline and beef up the Jakarta-based ASEAN secretariat with more professional staffers.

Only Malaysia and the Phillippines have submitted their candidates for the secretary-general's post with ministerial status. Malaysia's candidate is its ambassador to Bonn, Ajit Singh, who recently held the post of ASEAN director-general at the Foreign Ministry.

The Philippine bet is a former minister, Vicente B. Valdepenas, who had served as director-general of the National Economic Development Authority under the Aquino cabinet, an official of the Department of Foreign Affairs said.

According to a Malaysian official, the senior officials meeting would also consider and formulate follow-up programmes that could be undertaken by ASEAN to implement the decisions of the Rio Earth Summit.

Among the other key issues to be discussed are the latest developments in Cambodia, the Vietnamese boat people, cooperation among member countries in combating illicit drug trafficking and abuse and the East Asian Economic Caucus (EAEC).

Japan

Toyota To Procure Auto Parts From Ford

OW1607113292 Tokyo KYODO in English 0929 GMT 16 Jul 92

[Text] Tokyo, July 16 KYODO—Toyota Motor Corp. will purchase automobile parts from Ford Motor Co. in the near future to help increase Japan's auto parts imports from the United States, Toyota President Shoichiro Toyoda said Thursday.

Toyoda told a press conference that the parts bought from Ford will be used for Toyota's 1994 models at the earliest.

Toyota bought 35.6 billion yen worth of auto parts only from General Motors Corp. in 1991.

Toyota has also announced the planned purchase of auto parts from Chrysler Corp.'s subsidiary from late 1993 to be used for Toyota Camry cars made in its U.S. factories.

With the new plan of buying from Ford, Toyota will be purchasing automobile parts from all of the "Big Three" U.S. automakers.

A group of Ford representatives is scheduled to visit Toyota's head office in the city of Toyota, Aichi Prefecture, next Wednesday to discuss details of the planned purchase.

Toyota plans to buy U.S.-made auto parts worth 5.28 billion dollars, or about 660 billion yen, including purchases by its factories in the United States, in fiscal 1994. The purchasing target is double the figure in fiscal 1990.

Isuzu, U.S.'s GM Agree To Step Up Relations

OW1707034892 Tokyo KYODO in English 0113 GMT 17 Jul 92

[Text] Tokyo, July 17 KYODO—Isuzu Motors Ltd. and General Motors Corp. of the United States have agreed to step up their relations in their global business strategies, Japanese dailies reported Friday.

The beefing up of relations between the two companies, which already have capital links, was agreed by Isuzu President Kazuhira Seki and GM Chairman Robert Stempel, when Stempel visited Japan this week to attend a meeting of Japanese and U.S. business leaders, the NIKKAN KOGYO SHIMBUN said.

According to the industrial daily, the two companies divided the world into five blocs and chose South America as its first target to cooperate on local production and sales. Strategies within Southeast Asia will also be discussed, it said.

Meanwhile, the ASAHI SHIMBUN reported the two companies agreed on further technical cooperation, where GM will provide Isuzu with safety and environmental technologies and Isuzu will give GM technology on truck and diesel engines.

U.S. Environmentalists 'Attack' Fishing Boats

OW1707091292 Tokyo KYODO in English 0811 GMT 17 Jul 92

[Text] Aomori, July 17 KYODO—American environmentalists hurled Molotov cocktails at two Japanese fishing boats operating in the northern Pacific last week, the Fisheries Agency announced Friday.

The fishing boats, sailing from Hachinohe Port, in Aomori Prefecture, were drift-net fishing for squid on July 11 when people aboard a boat belonging to the American environmentalist group Sea Shepherd approached and began hurling incendiary bombs, the agency said.

No one on the Japanese boats was injured, and both boats resumed fishing, it said.

According to the Fishery Agency's offshore section, the attack occurred in the middle of the night about 500 kilometers east of Hokkaido. In addition to throwing firebombs, the assailants cut the fishing nets, it said.

In response to a complaint lodged by a Japanese national association of drift-net fisheries for squid, the United States dispatched a Coast Guard ship to the area of the attack, but the Sea Shepherd boat has not been found, the agency said.

U.S. environmentalists have accused Japan of trying to circumvent a United Nations resolution that calls for a 50 percent reduction of drift-net fishing on the high seas by June 30 and a complete phaseout by the end of the year. About 100 Japanese drift-net fishing boats are operating in the area.

Drift-net fishing, which involves using nets as long as 50 kilometers to trap squid, is blamed for causing the unnecessary deaths of other marine animals.

"They were obeying the law," said a spokesman for the drift-net fisheries association. "If the assailants are found, we should think about damage compensation."

Emperor's China Visit Still Under Consideration

OW1707042892 Tokyo KYODO in English 0343 GMT 17 Jul 92

[Text] Tokyo, July 17 KYODO—The Japanese Government and the ruling Liberal Democratic Party will discuss Emperor Akihito's trip to China following the July 26 House of Councillors election, the chief government spokesman said Friday. Chief Cabinet Secretary Koichi Kato made the remark at a news conference.

Prime Minister Kiichi Miyazawa has said the emperor's visit to China should be realized with the support of the Japanese people. The YOMIURI SHIMBUN reported Wednesday that Japan and China are working out an itinerary for Emperor Akihito and Empress Michiko to visit China for four to five days between October 22 and 27.

Group Begins Visit to Russian-Held Etorofu

OW1707033192 Tokyo KYODO in English 0212 GMT 17 Jul 92

[Text] Sapporo, July 17 KYODO—A group of 43 people left Friday morning for Etorofu as part of the second series of visa-free visits to the Russian-held islands off Hokkaido.

The group, led by Matsuyoshi Shindo, town mayor of Nakashibetsu, departed from the Hokkaido port of Hanasaki in Nemuro for a four-day visit.

It is the third and last group to take part in the second such series of visits to the islands, known in Japan as the "northern territories," Japanese officials said.

The former Soviet Union seized the four islands of Etorofu, Kunashiri, Shikotan, and the Habomai group of islets at the end of World War II. Tokyo insists on their return as a prerequisite for the conclusion of a peace treaty with Russia.

Group members—27 of whom are former residents of Etorofu—are scheduled to arrive at Shana on the island on Saturday and call at the local administrative office, the officials said.

The second group making a visa-free visit traveled to the islands last Saturday. The first group has visited Kunashiri and the second group Shikotan and a minor island called Shibotsu-jima, they said.

The first such program was implemented in May.

Tokyo, Moscow Fail To Narrow Space Differences

OW1607134292 Tokyo KYODO in English 1310 GMT 16 Jul 92

[Text] Moscow, July 16 KYODO—Japan and Russia held working-level talks on a proposed space development cooperation treaty Thursday but failed to narrow differences over the contents of the pact, Japanese Government officials said.

The official working-level talks were the first ever by the two nations on the space issue.

The two sides, however, were unable to determine the scope of government organizations to be involved or concrete areas of cooperation under the accord, the Japanese officials said.

Japan and Russia have agreed in principle to conclude the bilateral treaty when Russian President Boris Yeltsin visits Tokyo in September.

Under the treaty, the two nations would share medical data on space activities obtained from operations of the Russian "Mir" manned space station, and information on the earth's environment, among other things.

The Japanese delegation, consisting of government officials from the Science and Technology Agency and the Ministry of International Trade and Industry, has been staying in Moscow since July 5 to work out the details, the officials said.

Both nations will continue consulting with each other to finalize the remaining part of the treaty prior to Yeltsin's visit, the officials said.

The head of the Russian Space and Technology Agency visited Tokyo last month and proposed to the Science and Technology Agency that the treaty be concluded on the occasion of Yeltsin's visit.

Hiraiwa on Aid to Former Soviets, Rate Cut

OW1707111992 Tokyo KYODO in English 1106 GMT 17 Jul 92

[Text] Sapporo, July 17 KYODO—Japanese business leader Gaishi Hiraiwa voiced caution Friday over the prospect of large-scale aid to the struggling former Soviet states.

Hiraiwa, head of Japan's top business group, said it is "not desirable for Japan to extend major assistance, except humanitarian and emergency help, until they are better organized with an institution responsible for debt repayments."

The chairman of the Federation of Economic Organizations (Keidanren) told a press conference he believes the government has not altered its policy of linking major economic aid to the former Soviet Union with politics.

Hiraiwa, also chairman of Tokyo Electric Power Co., reiterated his opposition to an immediate cut in the official discount rate by the Bank of Japan.

"It's true that some quarters of the business community are calling for an early rate cut but I don't expect another credit easing would create any desired effect," he said.

Japan's official discount rate, which the central bank charges on loans to commercial banks, now stands at 3.75 percent after a 0.75 percentage point reduction April 1.

With Japan's economy in a prolonged slump and few bright signs in sight, many business leaders want credit eased further, especially since leaders of seven major industrial nations agreed at their Munich summit this month to seek easier monetary policies.

Hiraiwa expressed understanding of Germany's newest interest rate hike, terming it an anti-inflationary move. The Bundesbank on Thursday boosted its discount rate to a record 8.75 percent from 8.0 percent.

The Keidanren chief expressed opposition to an income tax cut, one measure the government may include in its planned economic stimulation package.

A tax cut would force the issuing of debt-financing bonds, he argued, which in turn would increase the burden on future generations.

Bank of Tokyo To Provide Loans to Russia 'Soon'

OW1707091392 Tokyo KYODO in English 0848 GMT 17 Jul 92

[Text] Tokyo, July 17 KYODO—The Bank of Tokyo will soon provide 360 million dollars in loans to Russia, bank officials said Friday.

The Japanese commercial bank will extend the loans to the Russian Bank of Foreign Economic Affairs to help Russia pay unpaid bills of the same amount to nine Japanese trading companies, the officials said.

They said the loans of five to seven years will be guaranteed by the trading companies, including Mitsui and Co., Mitsubishi Corp., and Sumitomo Corp.

The Russian debt stems from unpaid bills of the former Soviet Foreign Trade Corporation for goods it imported in the final years of President Mikhail Gorbachev's government.

ROK, Russia Join Optical Cable Project

OW1707031592 Tokyo KYODO in English 2348 GMT 16 Jul 92

[Text] Tokyo, July 17 KYODO—Japan, Russia, and South Korea have agreed to lay an optical cable under the Sea of Japan in a 20 billion yen project they hope to complete by 1995, the NIHON KEIZAI SHIMBUN reported Friday.

The cable will have a transmission capacity of 560 megabits per second, and will boost the telecommunication links between Japan and Russia some 60-fold, to the equivalent of 7,560 telephone circuits.

Basic agreement on the cable was reached between Japan's KDD [International Telegraph & Telephone], its South Korean counterpart, and the Russian Government, and two Danish companies using an existing cable will also take part, the business daily said.

SDF Officers To Go to Sweden for Training

OW1707122592 Tokyo KYODO in English 1206 GMT 17 Jul 92

[Text] Tokyo, July 17 KYODO—The Defense Agency announced Friday it will send 35 officers from the Self-Defense Forces (SDF) to Sweden on July 27 for two weeks of training to prepare for UN peacekeeping operations in Cambodia.

The team will receive training at the Swedish army's UN training center near Stockholm from July 29 through August 8. The officers will be trained as ceasefire monitors and as peacekeeping operation teachers, agency officials said.

The team will be made up of 29 Ground Self-Defense Force officers and three members each from the Maritime Self-Defense Force and the Air Self-Defense Force. The officials said the team will also study UN peacekeeping operations principles and receive field training.

Of the team members, about 10 officials are expected to be sent to war-ravaged Cambodia in September as the first Japanese members to be dispatched to help the UN Transitional Authority in Cambodia monitor the nation's ceasefire.

In mid-June, the Diet passed a bill allowing SDF personnel to join UN peacekeeping activities. The bill was passed with the support of the ruling Liberal Democratic Party and two centrist parties.

The largest opposition Social Democratic Party and the Japanese Communist Party, which opposed the law, are trying to make the law a central issue in the July 26 House of Councillors election.

Miyazawa Comments on 'Comfort Women', PKO

OW1707084192 Tokyo KYODO in English 0828 GMT 17 Jul 92

[Text] Fukuoka, July 17 KYODO—Prime Minister Kiichi Miyazawa hinted Friday that Japan would take some measures to compensate Asian women forced to provide sex to Japanese soldiers in World War II.

Miyazawa told reporters in Fukuoka, southern Japan, "Although the problem has been settled on the intergovernmental level, I feel sympathy for them and remorse for the episode."

Now that the government's role has been confirmed, Miyazawa said, "I have to listen to everyone's opinions about how to express our feelings."

His remarks that the government was listening to various views on how to express Japan's remorse for the conscription of the so-called Asian "comfort women" seemed to indicate the government would set up a fund to compensate them, rather than offer direct government payments, observers said.

This month Japan formally acknowledged for the first time a governmental role in the wartime conscription of women from at least six Asian countries into front-line brothels, after evidence turned up earlier in the year in Defense Agency archives.

Tokyo, which had maintained for more than 40 years that the women were recruited into front-line brothels by private operators, had insisted issues of compensation were settled in a 1965 treaty with South Korea, under which Seoul waived claims for war reparations.

Historians say as many as 200,000 women and girls, mostly from Korea, were forced to be "comfort women" for Japanese Imperial Army soldiers.

Miyazawa declined to say specifically when Japan would join United Nations peacekeeping efforts in war-torn Cambodia under a new law authorizing the first dispatch of Japanese ground troops overseas since World War II.

Saying "efforts are being made" to get the Khmer Rouge to join the three other Cambodian factions in starting to disarm and demobilize their forces, the prime minister said Japan was paying attention to the situation, "but this is not the time to say when Japan's cooperation begins."

The Khmer Rouge, militarily the strongest faction among the three rival factions against the Phnom Penh government, has refused to join the second stage of the UN-supervised peace process, claiming Vietnamese troops still remain in Cambodia.

With the enactment of the peacekeeping law last month, Japan is preparing to dispatch Self-Defense Forces personnel to work on the UN Transitional Authority in Cambodia.

German Rate Hike To Have 'No Impact' on Policy

OW1607134492 Tokyo KYODO in English 1258 GMT 16 Jul 92

[Text] Tokyo, July 16 KYODO—Germany's hike in its key interest rate will have no impact on Japan's monetary policy, a Bank of Japan source said Thursday.

The Bundesbank, Germany's central bank, raised its official discount rate to 8.75 percent from 8.0 percent in a widely expected move aimed at combating high-pitched growth in money supply, a source of inflation.

The BOJ source said the German move should make it difficult for Britain and France to lower their interest rates despite their desire to do so as a means of stimulating their domestic economies.

The BOJ, Japan's central bank, will monitor the effects of the German rate hike on European stock prices rather than foreign exchange rates, the source said.

A source at the Finance Ministry, meanwhile, reacted calmly to the German rate increase and stressed that it will not run counter to policy coordination among the Group of Seven (G-7) industrial nations.

The G-7 nations—Japan, the United States, Germany, France, Britain, Canada and Italy—agreed at their summit earlier this month in Munich on the need for lower interest rates for growth without inflation.

The Finance Ministry source said the framework of policy coordination within the G-7 remains intact and noted that the German rate increase suggests Germany's economy is in an unexpectedly bad shape. The source did not elaborate.

Miyazawa, Kato View Rate Rise

OW1707042292 Tokyo KYODO in English 0406 GMT 17 Jul 92

[Text] Saga, July 17 KYODO—Prime Minister Kiichi Miyazawa gave a muted response on Friday to Germany's action in raising its key lending rate only a week after Group of Seven (G-7) leaders agreed in Munich to stimulate the world economy.

"Some people say it is strange that (Germany) is raising its interest rate despite the agreement among leaders of industrialized countries to spur the world economy," Miyazawa said in a stumping speech for the July 26 House of Councillors election.

"On the other hand, prices (in Germany) are going up, and the economy is not functioning as desired," Miyazawa said. He also said that he expects the move to heighten international expectations for Japan to serve as the engine of economic growth.

The Bundesbank, Germany's central bank, decided on Thursday to raise its discount rate by 0.75 percentage point to 8.75 percent, effective on Friday.

Chief Cabinet Secretary Koichi Kato, speaking in Tokyo, said he does not believe the increase will have a major dampening effect on world economic growth. "I would not say Japan welcomes this," Kato said, but he conceded that Germany may need to curb inflation in order to enable steady economic growth over the medium and long term. He said he does not regard the increase as a violation of the agreement reached at the G-7 annual economic summit in Munich by G-7 leaders to coordinate policy to promote economic recovery.

Official Rules Out Policy Change

OW1707100092 Tokyo KYODO in English 0919 GMT 17 Jul 92

[Text] Tokyo, July 17 KYODO—The hike in Germany's key interest rate will not affect Japan's monetary policy, a top Finance Ministry official said Friday.

Speaking at a regular news conference, Mamoru Ozaki, vice finance minister for administrative affairs, said Japan will decide on its monetary policy in terms of its own economic conditions as other countries do.

Germany's central bank, the Bundesbank, raised its official discount rate Thursday to 8.75 percent from 8.0 percent in a widely expected move aimed at combating high-pitched growth in money supply, a source of inflation.

Ozaki said, "Monetary policy is what each country decides on in light of the specific economic conditions of each country. Conditions in each country differ, so monetary policy will not necessarily move in the same direction."

Asked to comment on growing calls for income tax cuts, Ozaki said he takes a dim view of such cuts, pointing out that income tax cuts would not serve to revive consumer spending, considered a pillar of economic growth.

Complaint to EC on Antidumping Tariff 'Likely'

OW1707084792 Tokyo KYODO in English 0824 GMT 17 Jul 92

[Text] Tokyo, July 17 KYODO—Japan is likely to file a complaint against antidumping tariffs imposed by the European Community (EC) on Japanese-made audiocassette tapes, a senior trade official said Friday.

The official of the Ministry of International Trade and Industry said that on-going arbitration by a dispute settlement panel under the General Agreement on Tariffs and Trade (GATT) is unlikely to lead to a solution.

Japan has asked the panel to arbitrate in a dispute over the EC's antidumping duties on audiocassette tapes made by Japanese companies, claiming the tapes are not being dumped in the EC.

"Japan may file a complaint before the panel," said the official, speaking on condition of anonymity.

Since May last year, the EC has imposed its 20 percent antidumping duty on products made by companies such as Sony Corp. and TDK Corp.

Panel To Respond to International Criticism

OW1707043592 Tokyo KYODO in English 0408 GMT 17 Jul 92

[Text] Tokyo, July 17 KYODO—A public relations arm of the Federation of Economic Organizations (Keidanren) said Friday it will set up a panel, hopefully by September, to deal with mounting international criticism of Japan.

The panel, to consist of top business officials and experts, aims to "immmediately respond" to such criticism, said Kokichi Morimoto, director of the International Affairs Department at the Japan Institute for Social and Economic Affairs. The panel will be headed by Akio Morita, chairman of Sony Corp.

Japan tends to be silent even in the face of criticism and this has led to its image as a "faceless" nation, he said. The panel will also organize lectures on Japan overseas, and will have panel members express their opinions directly to the foreign media, he said. But Morimoto stressed that the panel does not intend to be antagonistic.

The institute, mainly in charge of public relations both overseas and in the noncorporate domestic market, is headed by Keidanren Chairman Gaishi Hiraiwa. Morita is listed as one of its vice chiefs. The other members of the panel have not yet been decided. Regarding news reports suggesting Koichiro Ejiri, chairman of Mitsui and Co, and Nobuo Tateishi, vice chairman of Omron Corp., be included in the panel partly because of their English ability, Morimoto said that would be helpful but that getting their consent would come first.

English Book Gives Details of Keiretsu Groupings

OW1707065792 Tokyo KYODO in English 0519 GMT 17 Jul 92

[Text] Tokyo, July 17 KYODO—A new edition of an English-language publication detailing Japan's traditional "keiretsu" corporate groupings went on sale earlier this month, the publisher said Friday. Dodwell Marketing Consultants, a research and business unit of Inchcape Group in Japan, said the new book, subtitled "The Anatomy of the Keiretsu," is based on a comprehensive survey of various forms of corporate groupings.

The new edition, the 10th in a series since 1972, covers nearly 3,000 Japanese firms and classifies types of keiretsu other than the most common horizontally-connected groups, the company said. The company said the book, titled "Industrial Groupings in Japan," was first published in 1972 to provide information on Japan's unique trade practices to foreign companies doing business in Japan and those planning to enter the Japanese market.

Keiretsu drew attention in the U.S.-initiated Structural Impediments Initiative (SII) trade negotiations with Japan as a symbol of the closed Japanese market impeding bilateral trade. The book discusses the historical background and features of various industrial groups. The 700-page new book is priced at 92,700 yen.

"In my opinion, everyone who does business in Japan or who is otherwise interested in how Japanese corporations function should own a copy of this book," said professor W. Carl Kester of Harvard University Graduate School of Business Administration and the author of the book "Japanese Takeover."

Young Foreigners Invited for Teaching Program

OW1707091792 Tokyo KYODO in English 0844 GMT 17 Jul 92

[Text] Tokyo, July 17 KYODO—Japan will invite 3,325 young people from nine countries this year as part of an annual government project to promote international communication in local Japanese communities, officials said Friday.

During their one-year stay under the Japan Exchange Teaching (JET) program, the young people will engage in work concerned with international exchanges at local government offices or become assistants in foreign language classes in junior and high schools nationwide, the officials said.

The project, which began in fiscal 1987, is organized by the Council of Local Authorities for International Relations under the guidance of the Ministry of Home Affairs, the Education Ministry, and the Foreign Ministry.

Its scale has been expanding annually, the officials said.

The total number of young men and women participating in the project this year is 451 more than last year.

Young Chinese are participating for the first time this year, and the government plans to invite South Koreans from next year, the officials said.

Taking part in this year's project are 1,710 people from the United States, 596 from Britain, 586 from Canada, 182 from Australia, 165 from New Zealand, 44 from Ireland, 20 from France, 18 from Germany, and four from China.

Of the JET participants, some 217 will engage in international communication affairs at local government offices and 3,108 will be language instructing assistants, they said.

Some 134 will be assigned to Saitama Prefecture, 118 to Hyogo Prefecture, and 114 to Chiba Prefecture. Among the nation's major cities, Yokohama will receive the most with 41 young people.

They will arrive in Japan in two groups, on July 21 and 28, the officials said.

Panel Gives Recommendations on Foreign Students

OW1707091992 Tokyo KYODO in English 0804 GMT 17 Jul 92

[Text] Tokyo, July 17 KYODO—An Education Ministry advisory panel recommended Friday the upgrading of facilities in regional universities in order to accept more foreign students around the country.

The report, submitted to Education Minister Kunio Hatoyama, covers accommodation, scholarships, and the prevention of concentrations of foreign student populations.

In 1983, when foreign students in Japan numbered around 10,000, the ministry began planning for a goal of 100,000 students from abroad by the beginning of next century.

The number of foreign students grew more rapidly than expected, reaching about 45,000 in may 1991, roughly 11,000 more than planned.

But despite efforts to spread the students around the country, the proportion concentrated in the Kanto region, which centers on Tokyo, has grown from 61 percent in 1983 to 63 percent.

The report also said 92 percent of all foreign students are from Asia.

The panel, headed by Shigeto Kawano, professor emeritus at Tokyo University, advises concentrating efforts on accepting students from a greater variety of countries to stimulate a more "international" atmosphere on campuses.

It also recommends the creation of more facilities in regional universities for the benefit of foreign students, the completion of Japanese language courses before coming to Japan, better counselling after arrival, and follow-up after leaving Japan.

Governors To Form Panel on Foreign Workers

OW1507083192 Tokyo KYODO in English 0817 GMT 15 Jul 92

[Text] Tokyo, July 15 KYODO—Japan's prefectural governors decided Wednesday to form a special panel on issues relating to foreign workers, officials said.

Officials of the National Governors Association said local governments are seriously worried about rising medical, housing, and education costs for foreign workers in Japan.

Governors at a national meeting Thursday in Toyama will formally ask Niigata Governor Kiyoshi Kaneko to form the panel of governors and scholars and present a report in a year.

As foreigners staying illegally in Japan cannot join the government's medical insurance scheme, some have been unable to pay for medical care at hospitals run by local governments.

The Tokyo Metropolitan Government decided last month to cover such costs by reviving a dormant law providing medical assistance to travelers who collapse during their stay.

An estimated 480,000 foreigners worked in Japan in 1991, according to government statistics. As of November 1991, there were some 216,000 illegal foreign workers, a Justice Ministry document said.

Officials Report on Loan Pledges to Indonesia

OW1707113592 Tokyo KYODO in English 1042 GMT 17 Jul 92

[Text] Tokyo, July 17 KYODO—Japan is prepared to extend Indonesia some 158 billion yen, about 1.2 billion dollars, for its 18th yen-loan package, Foreign Ministry officials said Friday.

Japan expressed its willingness to extend the loans earlier in the day at an annual meeting in Paris of donors to Indonesia, the officials said.

They said about 40 percent of the loans, some 66 billion yen, would be in the form of quick-disbursing sector-project loans.

In yen terms, the new pledge is slightly lower than the 160 billion yen offered at last year's Consultative Group for Indonesia meeting, though it is equal in dollar terms.

Indonesia is the largest recipient of Japan's Official Development Assistance (ODA), having surpassed China in 1986. In fiscal 1990, which began in April of that year, it accounted for 12.5 percent of Japan's total ODA, against China's 10.4 percent.

Donor countries and organizations at the Paris meeting Thursday and Friday are expected to pledge roughly the same amount of aid to Jakarta as they did last year, some 4.8 billion dollars.

First Papua New Guinea Crude Oil Arrives

OW1707071892 Tokyo KYODO in English 0657 GMT 17 Jul 92

[Text] Kurashiki, Okayama Pref., July 17 KYODO—Mitsubishi Oil Co. said Friday it received here the first crude oil shipment from a Papuan oil field in which it had invested together with Japan's state-run oil corporation.

The crude oil, amounting to about 70,000 kiloliters, was received at the company's oil refinery in Kurashiki, the company officials said.

In 1990, Mitsubishi Oil and the Japan National Oil Corp. jointly invested in a Papuan oil development project in Kutubu, in western Papua New Guinea, and established a joint venture called Japan Papua New Guinea Petroleum Co.

The officials said the crude received Friday is called Kutubu light oil and is the first crude oil exported by Papua New Guinea.

Mitsubishi oil plans to import about 4.8 percent of a total of 32 million kiloliters of crude oil to be produced in the project, they said.

Final Election Drive Highlights Upcoming Week

OW1707063392 Tokyo KYODO in English 0516 GMT 17 Jul 92

[Excerpts] Tokyo, July 17 KYODO—Japanese political candidates and their supporters will be busy throughout next week making their final appeals to voters in the July 26 House of Councillors election.

Prime Minister Kiichi Miyazawa has had little time to relax since he returned home from the Munich summit of industrially advanced nations on July 10. Instead, he has been stumping various parts of the country in support of Liberal Democratic Party candidates for the upper chamber of the Diet. [passage omitted]

A prominent foreign figure slated to visit Japan next week is Thai opposition Leader Chamlong Srimuang, who is due to arrive in Osaka on Monday, July 20, for a two-week stay. Chamlong, who led an antigovernment movement in Bangkok in May, will come at the invitation of the Association of Medical Doctors for Asia (AMDA). He and 11 Thai farmers, agricultural school teachers, and physicians will visit Osaka and agricultural districts in other parts of Japan and will stop in Tokyo before returning home.

Another notable visitor will be Yegor K. Ligachev, once a member of the defunct Soviet Communist Party Politburo. He will give his views on the recent situation in Russia at a gathering at the Japan National Press Club on Wednesday, July 22.

Nobuo Matsunaga, former Japanese ambassador to the United States, will speak on the international political and economic situation at a luncheon meeting on Wednesday. It will be held at the Akasaka Tokyu Hotel under the sponsorship of an organization affiliated with KYODO News Service. Matsunaga attended the Munich summit in place of ailing Foreign Minister Michio Watanabe.

Also on Wednesday, Bank of Japan Governor Yasushi Mieno will hold a press conference. One of the questions likely to come up will be Germany's increase in its discount rate, effective July 17, by 0.75 percentage point to 8.75 percent.

Japan's top business executives will gather at a retreat near Mt. Fuji for a three-day forum starting Thursday, July 23.

Foreign ministers of member countries of the Association of Southeast Asian Nations (ASEAN) will meet in Manila from Tuesday to Sunday, July 26. Japan will take part in an ASEAN dialogue partners' session that will follow the foreign ministers' meeting.

Despite all these scheduled events, politics will dominate the upcoming week in Japan.

Prime Minister Miyazawa will have a chance to touch on the upper house election in a speech he is scheduled to deliver on Monday at a national meeting of Japanese employers in Tokyo. His scheduled stumping tour next week will take him to Kumamoto and Oita in Kyushu, Iwate in northeastern Honshu and back to Tokyo.

Miyazawa has been taking an active role in the current election campaign, the first poll at the national level since he became prime minister in November last year. In three upper house by-elections held this year, the ruling LDP has lost two and won one. [passage omitted]

Growth of Broad Money Supply Continues To Slow

OW1707111692 Tokyo KYODO in English 1051 GMT 17 Jul 92

[Text] Tokyo, July 17 KYODO—Japan's broad money supply expanded at a historically slow pace in June, marking the second month in a row of record low increases, the Bank of Japan (BOJ) said Friday.

The broad measure—combining cash in circulation, time and demand deposits, and certificates of deposit—inched up a record low 0.9 percent from June 1991, the central bank.

That sluggish growth was down from May's 1.1 percent year-on-year increase.

The broad money supply grew just 1.2 percent in the April-June quarter, well below the central bank's projection of around 2.0 percent.

A BOJ official attributed June's slowdown to declining growth in bank lending.

The continued decline in bank-lending growth overshadowed such factors as larger fiscal payments and a shift to money-denominated financial instruments from those such as government bonds that are not included in the money supply figure, the official told reporters.

For the April-June quarter, the official traced the unexpectedly slow money-supply growth to a larger-than-expected shift of money to financial instruments not covered by the index, such as postal savings and money market funds, and to the unexpectedly weak bank lending.

Reflecting the slowing growth in bank lending, the growth of the broader measure of liquidity—which gauges not only money assets but also such instruments as government bonds and investment trusts—slowed in June to 4.0 percent from a year earlier after May's 4.3 percent year-on-year growth.

But the official reiterated the central bank view that the slowing money-supply growth is not putting a major drag on corporate financing or the overall economy.

He said bank lending is soft because corporate demand for capital is very weak as the economy is now at the bottom of the trough of the current downward cycle.

Sluggish asset transactions are also limiting growth in the money supply, the official said.

The outstanding money stock remained high in June at 503.0 trillion yen, he stressed.

Some private economists argue the extremely slow growth of the money supply indicates Japan's economy is plagued by deflation of asset values.

Nobuhiko Nakamura, general manager of Sakura Bank's research division, said the perception is spreading that the current slowdown of the economy is not a simple movement of the economic cycle.

"Asset deflation is retarding the recovery of the economy," Nakamura said.

The latest money supply statistics provide new ammunition to proponents of a monetary easing. Economists agree the central bank will cut its official discount rate in the next three months.

Most predict it will lower the benchmark rate in late August or September, timing it with the announcement of an expected supplementary budget.

But some see an earlier interest rate cut.

"Discussions at a meeting early this month of heads of BOJ branches show the bank's view on the economy has turned more bearish," said Yasumori Takahashi, a senior economist at the Industrial Bank of Japan.

"It is quite possible that the BOJ will move to cut the rate much earlier than September," when some important economic indicators are to be released, including the central bank's quarterly business confidence survey and gross national product figures for the April- June quarter, Takahashi said.

Mirroring the market's growing expectations of a quick monetary easing, a rumor hit the market Friday that the BOJ will cut the key lending rate Monday by 0.75 percentage point, market sources said.

Business Leaders Disagree on Discount Rate Cut

OW1707124192 Tokyo KYODO in English 1136 GMT 17 Jul 92

[Text] Tokyo, July 17 KYODO—Japanese business leader Masaru Hayami urged the Bank of Japan on Friday to cut its key lending rate, saying economic conditions warrant a cut to boost the economy.

Such factors as stable prices, a strong yen, and slow growth in the money supply all warrant a cut in the official discount rate, said the president of the Japan Association of Corporate Executives, one of the country's four major business groups.

"Conditions for a rate cut have been set," said Hayami, a former central bank executive.

If the bank does not act now, Hayami told a news conference, it could lose the chance to lower the key rate because of a possible rise in prices and a drop in the yen.

The bank last cut the discount rate April 1 by 0.75 percentage point to 3.75 percent a year.

Hayami earlier said there was room for the central bank to lower the rate, which it charges on loans to commercial banks, but did not explicitly call for such a cut.

But a life insurance industry leader expressed opposition to any reduction in the discount rate.

Yasuyuki Wakahara, chairman of the Life Insurance Association of Japan, told a press conference that another rate cut could undermine price stability and throw senior citizens living on pensions and savings into confusion.

Whether to lower the discount rate should be discussed from a comprehensive viewpoint, Wakahara said, adding the government should take additional pump-priming measures instead of a rate cut.

5-Year Economic Program Requires Social Changes

OW1707032992 Tokyo KYODO in English 2339 GMT 16 Jul 92

["News Focus" by Waka Hamada: "Five-Year Plan Implies Social Revolution"]

[Text] Tokyo, July 17 KYODO—In Japanese society of the 21st century, business people may be less involved in interminable, soporific meetings which so often prove inconsequential.

Many city cafes may see fewer salespersons killing time with their colleagues over a cup of coffee, and shoppers may wonder at the simpler packaging of department stores and the disappearance of the well-loved service of free home delivery.

People addicted to boring meetings and afternoon teas might miss the good old days, but it is a price they will have to pay if Japan is to become a "life power" as envisaged by a new government five-year economic program, analysts say.

The pundits reckon that if the Japanese people really want to work less and enjoy their lives more, while maintaining a respectable economic growth, society as a whole will have to be drastically overhauled into a more efficient social, economic, and cultural system.

"Japanese businessmen, particularly white-collar workers, waste time every day in in-house politics in meetings and 'nemawashi' (behind-the-scene negotiations)," said Tadaaki Chigusa, director of McKinsey and Company, Inc.

"Unless such business customs change, Japanese industry will not be able to boost productivity enough to achieve the government's five-year plan," he said.

A German resident in Tokyo also said, "Everything is a lot slower in Japan. In Germany, they work like maniacs, whereas a Japanese comes to his office at nine and stays until nine or ten even if he has no work to do."

The government, partly in consideration of foreign criticism of Japan's relentless stream of exports, unveiled in late June a new economic plan aimed at encouraging people to enjoy their lives more, even at the expense of economic growth and loyalty to employers.

The plan calls for shortening the average annual working hours to 1,800 by the end of fiscal 1996 from an average 2,008 hours last year.

Shorter working hours will moderate, but not totally stall, Japan's economic growth, with annual expansion of 3.5 percent estimated during the five years, according to the program.

Private-sector economists say the 3.5 percent target is easily within reach for present-day Japan, but it may not be compatible with 1,800 annual working hours unless productivity is enhanced.

Japan "must increase productivity per capita, that is the real goal implied in the 3.5 percent target together with the reduction in work hours," said Jesper Koll, senior economist of S.G. Warburg Securities (Japan) Inc.

Many analysts agree that more efficient works by white-collar workers, particularly in the service, distribution, and other tertiary sectors, is the key for the success of the less-work-and-high-growth plan.

According to studies by the Japan Productivity Center, Japan's per-employee productivity in the commerce sector is almost half that of the U.S. and 25 percent lower than Germany's, while Japanese manufacturers' efficiency is among the highest in the world.

"The working hours of blue-collar workers can easily be shortened with little damage to their employers because robots can replace them," Chigusa said. "The problem is with white-collar workers."

He proposed companies do away with wasteful business practices like meetings and entrust each employee with more responsibility to enhance white-collar productivity.

Kuniyoshi Sasaki, director of the center's Productivity Research Institute, also noted that consumers, as well as producers, must change their values before they can be content with a simpler life.

"Our society is full of excessive services, like free home delivery by department stores. We have to ask ourselves, 'Do we really need all this?'" he said.

Chigusa also said discussion about industrial productivity should concern education too, since the current educational machine, turning out workers with similar ways of thinking and little creativity, runs against higher productivity and thus also against the philosophy behind the five-year program.

"Unfortunately, however, the bureaucrats in Kasumigaseki do not realize the implications of their five-year plan, so I don't expect the desired change will come about," he said, adding, "what we really need now is sound politics; economic growth is a secondary concern."

Kenneth Courtis, an economist with Deutchebank A.G., agreed, saying, Japan needs a prime minister who "technically is very competent" but who also "has a sense of where the future is and how to mobilize public opinion to support the change to get there."

Environment Agency Proposes Environment Tax

OW1707123692 Tokyo KYODO in English 1156 GMT 17 Jul 92

[Text] Tokyo, July 17 KYODO—The Environment Agency hammered out a report Friday proposing a tax system for environmental preservation and an environmental assessment system, agency officials said.

The report is the gist of a basic environmental bill the agency plans to submit to an extraordinary Diet session this fall, the officials said.

A division of the agency that is drafting the bill submitted the report to the Central Council for Environmental Pollution Control and the Nature Conservation Council, the officials said.

Based on the report, the two councils will hold hearings next month with the various ministries involved as well as with industry members and hope to finish drafting the bill by the end of September, they said.

The report said it is important to acknowledge the environment's limitations so that future generations can inherit a sound and rich environment.

It also said the introduction of an environmental tax is necessary to cover the cost of using, preserving, and restoring the environment.

The tax would be essential to fully carry out environmental assessment to prevent large-scale development from destroying the environment, the report said.

The report also called on Japanese companies to take the environment into consideration in their overseas activities.

The environmental record of Japanese companies operating overseas has recently been under scrutiny.

One case surrounds a Mitsubishi Kasei Corp. joint venture in Malaysia. On Saturday, a Malaysian court ordered the closure of the joint venture's facility saying it poses a health risk to surrounding villagers by producing radioactive waste.

The case has drawn wide publicity in Japan in what is seen as the first example of a Japanese firm being accused of exporting pollution overseas to poor countries.

The Environment Agency report also called for the government to set specific goals and standards for the nation's environmental measures, such as planned restrictions on the emission of carbon dioxide.

Carbon dioxide is believed to be the major cause for global warming.

North Korea

6th N-S Military Subcommittee Meeting Held

SK1607135992 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 16 Jul 92

[Text] The sixth round meeting of the Military Subcommittee of the North-South high-level talks was held in the South side's area of Panmunjom today in an open session.

In a keynote speech, our side's chairman noted that the South side is systematically delaying the discussion of issues by presenting an insufficient draft annexed agreement and by making absurd assertions irrelevant to the implementation of nonaggression at every meeting, running counter to the yearning of the entire nation, which wishes the North-South agreement to be implemented soon.

Our side's chairman revealed that the South side is delaying the implementation of nonaggression with the purpose of carrying out its insidious scheme in compliance with the demand of the United States, which does not favor the implementation of the North-South agreement, by trying to resolve the peace issue by depending on outside forces and by further aggravating the situation with someone else's strength [kunuguui himul piro] backing it. Then he stated again the principled position to be followed in working out the annexed agreement on nonaggression to be produced by the Military Subcommittee. Namely, it should first be a comprehensive single agreement thoroughly incorporating all the implementation measures for all the clauses related to nonaggression. Second, it should be consistent with the measures for thoroughly implementing nonaggression. Third, it should be worked out fairly to facilitate agreement.

Our side's chairman then urged the South side to begin discussing issues based on our draft annexed agreement, which most thoroughly enables nonaggression to be implemented.

Meanwhile, the South side, in a keynote speech, reiterated its unjust position and offered a so-called counterproposal, a duplication of its previous draft annexed agreement. In the so-called counterproposal, the South side still includes such unnecessary English definitions as [word indistinct] and aggression, stating that this takes into consideration confidence building between the North and the South and the relations with third countries and the international charter [kukche honjang].

Our side's chairman said that the South Korean authorities have recently been continuing nuclear commotions and are engaged in acts against the other dialogue party, raving about the resumption of the Team Spirit joint military exercise and the Focus Lance exercise. In so saying, he demanded that the South side first clarify whether or not this means that it intends to implement the North-South agreement.

In addition, our side's chairman pointed out that the South side is discussing confidence building in its counterproposal. After noting the circumstances in which the South side is putting pressure on its dialogue partner over the nuclear issue, he said that it is avoiding discussing a basic issue and is giving a so-called letter of commission [wichokchang] to deserters to clamorously restore [subok] the North. Our side's chairman asked the South side how on earth confidence can be built.

After noting that the South side claims that our side's annexed agreement is only for declaration purposes, our side's chairman said that our side's annexed agreement includes tangible and practical measures. He asked the South side why on earth it persists in objecting to including in the annexed agreement a prohibition on reconnaissance activity and a third country's aggressive acts.

In this connection, the South side said that to implement the annexed agreement is its will. It made an excuse by saying that its remarks, that if the nuclear issue is not resolved then practical progress cannot be made in the North-South relations, are nothing but an expression of its concern.

The South side said that the North side's demand for stopping military exercises is not appropriate and that it is impossible to live in international society without following international law and the international charter. The South side asked our side to stop saying that the

South side is dependent on foreign forces and that it follows [sunjong] the United States.

In this connection, after clearly revealing that if the South side correctly handles issues from an independent standpoint, our side will not take issue with the South side's attitude, our side's chairman pointed out that because the South side is conducting offensive exercises, namely nuclear war exercises, against its dialogue partner, we take issue with military exercises.

After saying that the South side's excuse about the nuclear issue is unreasonable, our side's chairman warned the South side not to conduct activities aggravating North-South relations and inciting confrontation. While paying attention to the South side's remarks that it will implement the North-South agreement, our side's chairman proposed that discussion of main issues start.

At today's meeting, thanks to our side's sincere efforts, an agreement was reached on the title and preface of the annexed agreement and on the titles of some charters.

In sum, our side's chairman said that the South side should keep in mind that if it conducts the Team Spirit joint military exercise and Focus Lens exercies, grave consequences will arise before the talks. Our side's chairman urged the South side to act with discretion.

Both sides decided to hold the next Military Subcommittee's chairmen's contact on 23 July.

Joint U.S.-ROK Military Training Denounced

SK1707050792 Pyongyang KCNA in English 0414 GMT 17 Jul 92

[Text] Pyongyang, July 17 (KCNA)—If the United States and the South Korean rulers hold the Focus Lance [as received] joint military training, throwing a wet blanket over and putting a brakes on the implementation of the North-South agreement, they will bear full responsibility for all the consequences arising therefrom.

This is stressed in Information No. 610 issued by the secretariat of the Committee for the Peaceful Reunification of the Fatherland on July 16, denouncing the U.S. imperialists and the South Korean authorities for having decided to hold the focus lance joint military training.

The information says:

Nuclear inspection of the DPRK by the International Atomic Energy Agency is being conducted smoothly and, in this course, nuclear facilities of the DPRK have proved to be for peaceful purposes. At this time, the U.S. imperialists and the South Korean authorities plan to hold a military training against the DPRK. This shows they intend to ignite a new war on the Korean peninsula at any cost under some pretext.

Their plan, which was announced at a time when the North is showing sincerity in implementing the North-South agreement and making every effort possible to realise the pan-national rally and the exchange of old parents' visiting groups and art troupes, is another patent proof that they neither want peace and reconciliation nor intend to reunify the country peacefully.

We bitterly denounce in the name of the entire fellow countrymen the focus lance joint military training as an open perfidy to the North-South agreement, an overt challenge to our peace efforts and an unpardonable crime against peace and peaceful reunification of Korea.

Talks Held To Plan 'Grand Festival of Students'

SK1707111592 Pyongyang KCNA in English 1034 GMT 17 Jul 92

[Text] Pyongyang, July 17 (KCNA)—The second working-level talks for the second grand festival of students in the North, South and overseas for reunification for independence, peaceful reunification and great national unity of the country and the inaugural ceremony of the National Alliance of Students for the Country's Reunification (Pomchonghaknyon) were held Wednesday [16 July] in Pyongyang, Berlin and Tokyo through the Joint Liaison Headquarters in Pomchonghaknyon.

A series of matters arising in the second grand festival and the inaugural ceremony of Pomchonghaknyon which will be held on the occasion of August 15 were sincerely discussed and agreed upon at the talks.

According to the agreement reached at the talks, the meeting will be named "the second grand festival of students in the North, South and overseas for reunification for independence, peaceful reunification and great national unity of the country and inaugural ceremony of the National Alliance of Students for the Country's Reunification" and its venue will be Panmunjom. It was decided to hold the meeting in Panmunjom and Seoul simultaneously in case South Korean students cannot cross the line at Panmunjom owing to the obstructive manoeuvres of the South Korean authorities.

It was agreed to set the period of the meeting from August 9 to 16, 1992, and include in the program of the functions cross-country grand marches from Mt. Paektu to Panmunjom in the North and from Mt. Halla to Panmunjom in the South between August 9 and 14, a joint meeting of students in the North, South and overseas to form Pomchonghaknyon, cultural and art performances, independent exchange and solidarity meeting, film festival, sports meet and various other functions.

It was decided to adopt and publish the program and statute of Pomchonghaknyon at the inaugural ceremony of Pomchonghaknyon slated for August 15.

South Scored for Blocking Meeting

SK1707114292 Pyongyang KCNA in English 1040 GMT 17 Jul 92

[Text] Pyongyang, July 17 (KCNA)—A spokesman for the Korean Students Committee issued a statement to the press on July 17 denouncing the South Korean authorities for blocking the meeting of Korean students for the second grand reunification festival of students in the North, the South and overseas and for the formation of Pomchonghaknyon [National Alliance of Students for the Country's Reunification].

The first working-level talks for the second grand reunification festival of students in the North, the South and overseas and for an inaugural ceremony of Pomchonghaknyon held in Berlin at the end of May decided to open the second talks in Seoul on July 15 and finally discuss and confirm concrete matters, the statement said, adding: The South Korean authorities, however, blocked the meeting of students in the North, the South and overseas, saying that they can not allow the grand reunification festival of students and the plan for forming Pomchonghaknyon should be cancelled.

The statement further said:

A few days ago, the South Korean authorities blocked officials of the North side's headquarters and the overseas headquarters of the National Alliance for the Country's Reunification (Pomminnyon) from going to Seoul to discuss working matters concerning the third pannational rally, and today, they again blocked the meeting between students in the North, the South and overseas. This fully showed again that they are a group of those opposed to reunification who are giving lip-service to "national reconciliation" and "reunification" but actually have an ulterior intention for confrontation and division.

Although the South Korean authorities made the working-level talks in Seoul abortive, students in the North, the South and overseas discussed, through the Joint Liaison Headquarters of Pomchonghaknyon, working matters for holding the second grand reunification festival of students on August 15 and forming Pomchonghaknyon. All function programs of the second grand reunification festival and the formation of Pomchonghaknyon were confirmed and agreed upon.

The students in the North, the South and overseas will frustrate any obstructive moves of the splittist forces and hold the 2nd grand reunification festival and form Pomchonghaknyon without fail, holding higher the banner of reunification and patriotism.

The South Korean authorities must discard their old aattitude of division and confrontation and take part in the grand reunification march of the nation.

Our students in the North, the South and overseas will continuously follow the attitude of the South Korean authorities together with the entire fellow countrymen.

South's Stand on Comfort Women Issue Criticized

SK1707052392 Pyongyang KCNA in English
0447 GMT 17 Jul 92

["Disgraceful Sycophancy to Japan"—KCNA headline]

[Text] Pyongyany, July 17 (KCNA)—Papers here today raps at the rigmarole of the South Korean authorities sycophantic to Japan in the problem of "comfort women for the army."

After the results of investigation of the Japanese Government into this matter were made public recently, the South Korean authorities have manipulated media, pressmen and writers on their payroll to cry that it is important to leave a record about the "comfort women for the army" to be judged by history, not getting compensation, because it is a "shameful" thing that hurts "self- respect." They say the "government" is "examining" a measure that would replace compensation from Japan.

This is a trick to hush up the problem of "comfort women for the army" in the long run by making it a fait accompli not to demand compensation under the pretext of "public opinion" and the like, says NODONG SINMUN in a commentary.

The analyst says:

This is a vicious act of the South Korean authorities dancing to the drum-beating of Japan which claims that the problem of compensation has been completely settled by the South Korea-Japan pact.

As for the issue of the "comfort women for the army", it is a matter of the heinous crimes committed by the Japanese authorities and military and police that took away nearly 200,000 Korean women and reduced them to sexual slaves for the aggression army. This is not confined to the individual victims but is related to the dignity of our nation. A shame to the nation is the disgraceful act of theirs who are reluctant to get sincere apology and compensation to Korean women who were drafted as "comfort women" and suffered all manner of mental distress and physical pains, under the pretext of "shame" and "self-respect". And a judgement of the crimes of the Japanese imperialists by history is possible only when our nation wrest apology and compensation from Japan.

The South Korean authorities must renounce the shameful flunkeyist attitude toward Japan and, though belatedly, must respond to the North's proposal to take a joint step of the North and the South against Japan over the problem of "comfort women for the army".

A MINJU CHOSON analyst says that if the South Korean authorities really have the intention to defend the dignity of the nation, they must not let hack writers oppose compensation from Japan but pool efforts with the North and take a joint action to get compensation.

Chuche Idea Linked With Independence Development

SK1707104692 Pyongyang KCNA in English
1022 GMT 17 Jul 92

["History Will Advance Only Along Orbit of Independence"—KCNA headline]

[Text] Pyongyang, July 17 (KCNA)—NODONG SINMUN, the organ of the Central Committee of the Workers' Party of Korea, today carried a lengthy article titled "History Will Advance Only Along the Orbit of Independence".

The authors of the article say:

It is an irresistible trend of historical development that the people advance to socialism along the track of independence and it is truth beyond doubt that the man-centred socialist society in which the popular masses are the driving force and their purpose and desire for independence are completely realised will win victory worldwide.

The article says in its first part that the chuche idea which was founded by the great leader Comrade Kim Il-song and is being developed in depth by our party is the most steadfast idea of independence on the highest peak of ideological development of mankind.

The chuche idea is an idea indicating perfectly and originally the way of shaping the destiny of mankind and an idea of great universal significance in accomplishing the human cause of independence, the article says, and continues: This idea will fly high for ever as the banner of struggle of the revolutionary people to build a new world of independence and advance with a tight hold on their destiny, and as their banner of life and banner of victory.

The article in its second part says that the chuche idea has a great influence on the ideological and spiritual life of mankind and the process of revolutionary changes of the world.

It continues:

The great renovative role of this idea is that it has brought about a fundamental change in the ideological and spiritual life of mankind and it is being demonstrated unreservedly in powerfully stimulating the cause of human liberation in full scale.

It is the world-historic exploits of the chuche idea to have freed man from the yoke of non-resistant fatalism, corrupt and decadent reactionary idea and the idea of dependence on and submission to outside forces and led them to live an ideological and spiritual life overflowing with independence and creation as the driving force of history.

This idea has opened a glorious age for all the countries and peoples under different historical conditions and stages of development and with diverse national characteristics to achieve national and class liberation by liquidating all manner of exploitation and suppression.

The great chuche idea has brought a new turn in the development of international relations and is giving a powerful impetus to making the whole world independent by putting forth independence as the basic principle of relations between the parties and between states.

There may be turns and twists in the course of the advance of history. But there can never be a change in the law of the development of history that the independent force overwhelms the imperialist reactionary force and the cause of independence emerges victorious ultimately.

In the third part the article declares that the Korean-style socialism built by the Korean people through the application of the chuche idea is a superior socialism centred on the masses, the first of its kind in history, vivacious and promising socialism with eternal vitality.

It stresses:

Today socialism is making a long drive and its advantages are being fully displayed in Korea. This is a stern declaration of the folly and failure of the imperialists' anti-socialist moves and this gives optimism and confidence that the cause of socialism is ever-victorious, although there may be temporary difficulties and setbacks in the way of its advance.

The Korean-style socialism centred on the masses which is coming into full bloom in the cause of modelling the whole society on the chuche idea under the tested leadership of the dear leader Comrade Kim Chong-il is a virile and promising socialism with eternal vitality.

Ideological Unity of Society Stressed

SK1707050692 Pyongyang Korean Central Broadcasting Network in Korean 0011 GMT 9 Jul 92

[NODONG SINMUN 9 July special article: "Ideological Unity of the Whole Society Is the Key to the Ideological Revolution"]

[Text] The ideological revolution is the inevitable demand of socialist-communist construction and the most important revolutionary task for the working-class party after the socialist system is built.

We should carry out the ideological revolution thoroughly in order to liberate the whole society from the bonds of all forms of old ideas, bring them up to be the chuche-type revolutionaries, strengthen the main force of the revolution, and successfully carry out the socialist-communist cause.

The dear leader Comrade Kim Chong-il clearly set forth the fundamental problems in carrying out the ideological revolution in his classical work "The Historical Lesson of Socialist Construction and Our Party's General Line," thereby setting down a way to strengthen the main force of the revolution and give full play to the superiority of socialism of our own style.

The dear leader Comrade Kim Chong-il has noted: The key to carrying out the ideological revolution is to arm all people firmly with our party's revolutionary ideology, the chuche idea, and to firmly realize the ideological unity of the whole society based on that.

The ideological revolution is the work of arming people with independent ideological consciousness and providing the main force of the socialist-communist society, and this is the key to reshaping people. Reshaping people is essentially ideological reshaping. Man's character is defined by ideological consciousness, and ideological consciousness plays a decisive role in all of people's activities. People's ideological consciousness is not reshaped automatically. Changes in objective conditions play a part in the development of people's ideological consciousness. However, even if the socialist system is established and material wealth increases, people do not acquire a communist ideology on their own. The more the socialist system is established and the more socialist construction deepens and develops, the more we should intensify the ideological revolution.

The key to ideological revolution is to arm all people firmly with our party's revolutionary ideology, the chuche idea, and firmly realize the ideological unity of the whole society based on that. Arming people with the chuche idea and realizing the ideological unity of the whole society based on that is the key to carrying out the ideological revolution because, more than anything else, this is the natural demand of socialist society. Socialist society, by its very nature, demands the monolithic domination of the working class revolutionary ideology. In a socialist society where the socioeconomic foundation that gives birth to old ideas is brought to an end and where class conflict no longer exists, it is inevitable that one ideology rules. In a capitalist society where people's class positions vary and where people's interests conflict, one ideology cannot completely rule over society; therefore, it is inevitable that various ideologies and ideas exist. As a result, people cannot have one ideology, nor can there be ideological unity in society.

It is only in a socialist society that one ideology rules over the entire society. Of course, under the circumstances where old ideological remnants remain in a socialist society and where the imperialists' ideological and cultural infiltration is being perpetrated, the monolithic domination of the revolutionary ideology of the working class cannot come about easily. Man's ideological consciousness is influenced by socioeconomic conditions, but it is not automatically transformed with the establishment of a new socioeconomic system. There is no vacancy in people's ideological consciousness. People, without exception, are influenced by either the working class revolutionary ideology or the bourgeois ideology. In particular, under the condition where the imperialists and the reactionaries are viciously trying to infiltrate socialist countries ideologically and culturally, if we weaken the work of arming people with the working class ideology, the bourgeois liberalization tendency can make inroads. Therefore, it is the natural demand of socialist society to conduct the ideological revolution by placing major emphasis on arming people firmly with the working class revolutionary ideology, the chuche idea, and realizing ideological unity based on that.

The chuche idea is a man-centered outlook on the world and the only guiding ideology of our revolution. Because it embodies the chuche idea, the socialism of our country is man-centered socialism in which people are the masters of everything and in which everything serves people. Therefore, it is the natural demand of socialism of our own style to arm people firmly with the chuche idea and realize ideological unity based on that. When we vigorously push ahead with the ideological revolution to arm people with the chuche idea, we can arm all members of society with one ideology, the working class revolutionary ideology, and firmly realize the indestructible unity and cohesion of the entire society based on the chuche idea. This is a firm guarantee for resolutely defending and adhering to the popular mass-oriented socialism of our own style and giving full play to its superiority.

The ideological revolution is based on firmly arming the people with the chuche idea and realizing ideological unity based on this. This is the most important step in successfully constructing socialism.

In a socialist society the popular masses are the masters. A socialist society is a developing society which is in conformity with the cohesion and unity of the popular masses' creativity. The popular masses are struggling as comrades by uniting with each other with high consciousness and using their ability to be masters. Herein lies the true nature of a socialist society, which is distinguished from all exploitative societies, and the driving force promoting the development of a socialist society.

Enhancing the chuche-oriented role is a fundamental method in successfully promoting socialist construction. Socialist construction should be conducted by strengthening the main force of the revolutionary individual, which is done by indoctrinating the popular masses in a communist way, by giving priority to the work of remodeling man and firmly uniting the popular masses around the party, and by demonstrating to the utmost the masses' revolutionary enthusiasm and creativity. There can be no magic more wonderful in promoting socialist construction.

If money is life in a capitalist society, where materialism is primary, we can say that ideology is life in a socialist society where the popular masses are the masters. The superiority of a socialist society over a capitalist society reflects the superiority of the ideology, and socialist might is ideological might. Therefore, being indifferent to the ideological revolution is the same as letting go of the lifeline in socialist construction. The chuche idea puts forth the popular masses as the main force of the social movement. The socialist movement is created and developed by the independent, creative, and conscious activities of the popular masses who are the main force of this movement.

The social movement to change and reform nature and society cannot occur and the historical development of society cannot be achieved without the popular masses. The main force behind a socialist society is the popular masses, but the popular masses must firmly unite around the party and the leader as one to fully play the role of an independent main force of the revolution and successfully fulfill socialist construction.

The chuche idea not only puts forth the popular masses as the main force of the social movement, but also paves the road for a strong main force of the revolution by firmly uniting around the party and the leader. The main force of the revolution is a unified body of the leader, the party, and the masses. When all members of society firmly arm themselves with the chuche idea and achieve ideological unity of the whole society based on this, a strong main force of the revolution can be provided and the chuche-oriented role can be endlessly enhanced. If the ideological revolution is strengthened, the popular masses are armed with the chuche idea, and the main force of the revolution is firm, socialist construction can be successfully pushed ahead under any circumstance and the socialist cause can be firmly defended.

In carrying out ideological revolution we must basically adhere to achieving ideological unity of the whole society based on the chuche idea. This is a lofty truth which our revolutionary practice proves. In the past our party put forth the ideological revolution as the most important task in the struggle to construct socialism, consistently adhered to the principle of firmly giving priority to the ideological revolution, and endlessly intensified and developed the ideological revolution in accordance with the advance in revolution and construction.

Based on the chuche idea, our party is arming the people with the revolutionary view of the leader, the organization, and the masses, and has carried out the ideological revolution by making one social and political organic body in which all the people unite around the party and the leader, sharing the same fate. The ideology for the revolutionary view of the leader, the organization, and masses is a unique ideology based on a scientific explanation of the independent main force of the revolution. This makes it possible to provide a strong main force of the revolution.

When the people are armed with the chuche idea and ideological unity of the whole society based on this is achieved, all the people of our country will be able to firmly unite around the party and the leader, thus magnificently fulfilling the responsibility and role of master of the revolution and construction. With high pride and dignity that comes from being the people who carry out the revolution, our people are devoting all of their strength and wisdom to the worthwhile struggle for socialism. Among them, the communist trait of working and living in a revolutionary way by helping and leading each other under the collective principle of one for all and all for one, is being highly manifested. Among our people, the ranks of true chuche-type communist revolutionaries and unsung heroes who are devotedly struggling by silently and invisibly sacrificing their lives for society, the group, the party, and the revolution are increasing endlessly.

In the struggle for ideological unity of the whole society based on the chuche idea, our society's cohesion and unity are being raised to the highest level. Our society's true form is that the leader, the party, and the masses who are sharing the same fate are united with one social and political organic body, and the whole society is one great revolutionary home. All the people are firmly united around the party and the leader and are struggling and living with overflowing faith and optimism. This is possible because our party is firmly arming the people with the chuche idea. Based on this, achieving ideological unity of the whole society will lay the foundation for adhering to the fulfillment of the ideological revolution.

South Korea

U.S. Congressman Cited on Regional Security Body

SK1507063992 Seoul YONHAP in English 0516 GMT 15 Jul 92

[Text] Seoul, July 15 (YONHAP)—An influential U.S. congressman was quoted here [as received] Wednesday [15 July] as saying that the United States could consider formation of a collective security and cooperation organization around the Korean peninsula if its participation was guaranteed.

Rep. Stephen Solarz (D.-N.Y.), chairman of the House Subcommittee on East Asian and Pacific Affairs, was answering a question by a group of visiting Korean lawmakers if a security organization, patterned after the Conference on Security and Cooperation in Europe (CSCE), could be formed in Asia.

The group, consisting of lawmakers of the minor opposition Unification National Party (UNP) [United People's Party] and led by Rep. Chong Mong-chun, is in New York attending the national convention of the Democratic Party of the United States, UNP sources said.

The idea of establishing a security and cooperation body for the Asian and Pacific region was first advanced by former Soviet President Mikhail Gorbachev, but the United States has shown a negative response to it.

In Tokyo, Japanese Prime Minister Kiichi Miyazawa suggested in a press conference Tuesday establishment of a CSCE-style regional security system.

Referring to the North Korean nuclear issue, Solarz said it was possible that Pyongyang had hidden nuclear reprocessing and other facilities underground. He said he opposed the withdrawal of U.S. troops from South Korea as long as North Korea refused to accept bilateral inspections of nuclear and military facilities with South Korea.

On Japan's participation in United Nations peacekeeping operations (PKO), Solarz said the Japanese move did not necessarily mean the revival of militarism in Japan.

Seoul To Consider Sending Troops to Cambodia

SK1707124492 Seoul CHUNGANG ILBO in Korean 17 Jul 92 p 2

[Text] It was learned on 17 July that because Cambodia had expressed the hope that the ROK would send troops, including infantrymen, for Cambodian peacekeeping operations, the ROK Government has decided to positively examine dispatching troops and having diplomatic consultations with its neighboring countries.

A high-ranking ROK Government official said: "When Cambodian Prime Minister Hun Sen was receiving the ROK ambassador to a Southeast Asian county, he urgently requested the ROK to send troops to Cambodia, saying that the ROK troops are necessary for solving postwar problems in Cambodia."

This official also said that Prime Minister Hun Sen had said that infantry units are necessary for efficient peacekeeping operations.

This official went on to say: "This request by Cambodia was reported at the 15 July meeting at Chongwadae [presidential office], in which cabinet ministers extensively discussed the peacekeeping operations."

The government is planning to seriously deal with this issue and to examine public opinion and the influence this issue would have on the presidential election. The government is also planning to examine our neighboring countries' interests. Because the UN Transitional Authority in Cambodia will be inaugurated in May 1993, the issue will be dealt with in earnest after the presidential election.

In connection with this, the ROK Defense Ministry is planning to explain Cambodia's position on peacekeeping operations and various other matters to the ruling and opposition parties to seek cooperation from them.

Businessmen Plan To Visit North Korea in Sep

SK1707012592 Seoul CHOSON ILBO in Korean 16 Jul 92 p 1

[Text] A North-South joint economic committee will be formed this September and a civilian economic delegation composed of leading domestic business firms such as Samsung, Daewoo, Lucky Gold Star, and Hyundai business groups will visit North Korea in the same month.

On 15 July, an official of Samsung Products Company revealed that "the Samsung Business Group has been pushing ahead with a plan to promote business in North Korea for 10 of its items, including electronic products, textile goods, shoes, and other daily necessities, with the hope that North-South joint venture projects will be approved by the government in the near future."

He also said: Negotiations have been unofficially carried out for these joint venture projects with the North Korean side planning to build industrial complexes in Najin and Sonbong, North Korea. An economic cooperation delegation to be composed of South Korean businessmen will officially visit North Korea in September to discuss detailed plans with the North Korean side.

The economic cooperation delegation will include high-level businessmen, including Kim U-chung, president of Daewoo Business Group; Yi Pil-kon, vice president of Samsung Products Company; and Chon Chin-hwan, president of Lucky Gold Star Company. Working-level business figures in the light industry sector, too, will join the delegation.

No Tae-u Says Land Fraud Scandal 'Regrettable'

SK1607113892 Seoul YONHAP in English 1034 GMT 16 Jul 92

[Text] Seoul, July 16 (YONHAP)—President No Tae-u, vowing he would see to it that light is shed throughly on the controversial land scam, said Thursday the government would take steps to prevent the recurrence of similar scandals.

While having a weekly meeting with Kim Yong-sam, executive chairman of the ruling Democratic Liberal Party [DLP], at Chongwadae, No said it is regrettable that such an incident had occurred especially because the scandal served to deepen distrust in leading figures of the society and disturbed the monetary order.

Also noting that irresponsible remarks by some political leaders used to be reported by the press unfiltered to add to people's misgivings, the president said such a practice, which he said cannot contribute to resolving the incident, should be rectified forthwith.

He then urged the DLP leader to try to pool wisdom in easing financial problems facing small industries and also the sluggish stock market prompted by the land scam.

During the meeting, Kim expressed welcome to the reported plan of North Korea's Deputy Premier Kim Tal-hyon to visit Seoul shortly.

"North Korea should be more sincere toward implementing the basic South-North agreement since the resolution of the controversial nuclear question and meeting between dispersed families could accelerate substantial progress in South-North relations," Kim said.

No Tae-u Urges Order During Election Campaign

SK1707042292 Seoul THE KOREA HERALD in English 17 Jul 92 p 2

[Text] President No Tae-u yesterday called for curbing unlawful activities and disorderly conducts by groups during the coming presidential election campaign.

"I am concerned about a possible erosion of discipline among civil servants and the general public during the campaign," No told about 310 local administrators from throughout the country, including mayors and county chiefs, who met at the Sejong Cultural Center in Seoul to discuss the government-initiated "New order, New life" campaign.

"Law-enforcement authorities should act rigorously against violent group activities and other acts undermining social order and discipline," the President said.

"We should firmly establish stability and order, whatever the price."

The presidential election is expected in mid-December. Candidates are given a one-month period to campaign but candidates of both the ruling and opposition parties are now being accused of "premature campaigning."

No asked those attending the meeting to do their best to help revive the vitality of the economy in their respective regions.

Sources Cited on Next Ruling Party President

SK1707024292 Seoul YONHAP in English 0134 GMT 17 Jul 92

[Text] Seoul, July 17 (YONHAP)—Kim Yong-sam, executive chairman and presidential candidate of the Democratic Liberal Party (DLP), will be appointed president of the ruling party by the party central standing committee at a meeting on Aug. 14, party sources said Friday [17 July].

The current DLP president, No Tae-u, will become honorary president of the party, they said.

The sources also said the leadership of the party had decided that co-chairman Kim Chong-pil would succeed Kim Yong-sam as DLP executive chairman.

The plan was discussed and agreed on by No and Kim Yong-sam in their weekly one-on-one meeting at Chongwadae on Thursday, the sources said.

The central standing committee is required to meet no later than Aug. 17 under the party constitution, which says that the committee must meet within 90 days after a national convention. The party's convention was on May 19.

The party leaders also decided to scrap an earlier plan to increase the number of co-chairmanships on the executive council from the current five. The executive chairman holds one of the seats and two are vacant.

Pak Tae-chun will be retained as a co-chairman and Kwon Ik-hyon will be promoted to join him, the sources said.

DLP, UNP Leaders To Discuss Assembly's Fate

SK1707054192 Seoul YONHAP in English 0439 GMT 17 Jul 92

[Text] Seoul, July 17 (YONHAP)—Next week is to be critical in deciding the fate of the National Assembly as the leaders of the ruling party and a splinter opposition group plan to meet without a representative of the major opposition party.

Unification National Party (UNP) [United People's Party—UPP] leader Chong Chu-yong told a news conference Friday [17 July] he planned to meet with ruling Democratic Liberal Party (DLP) executive chairman Kim Yong-sam next week to discuss normalization of the National Assembly.

Sources said a date was tentatively set for Monday or Tuesday.

"I will meet with Kim early next week to discuss and review National Assembly affairs. The Democratic Party (DP) will then give up its refusal to return to the National Assembly," Chong told reporters.

Kim confirmed Chong's remarks, saying he had first proposed the meeting and would talk with Chong at any time.

He said he had instructed the DLP floor leader to negotiate with the UNP on a date for the meeting.

Chong met earlier this week with DP leader Kim Tae-chung to decide whether they should return to the National Assembly. Sources said the two leaders were far apart in their views, with Chong insisting on participating in the National Assembly and Kim refusing unless the ruling camp rescinded a decision to postpone local elections promised for this year.

Chong told reporters Friday he believed in keeping disputes within the home, suggesting that he thinks the DP should enter the National Assembly and pursue its goals there instead of doing it from the outside.

Chong said his UNP and the DLP might operate the National Assembly by themselves if DP refused to cooperate.

The ruling camp has been saying it will not convene the assembly without the main opposition party, but DLP floor leader Kim Yong-tae hinted at a new approach Friday.

"If the DP continues to refuse to return to the National Assembly while the UNP leadership agrees to return alone, we will study the possibility positively," Kim said.

Asked about opening an extraordinary session in August, Kim said it was too early to discuss it but that the DLP would consider it if the UNP proposed such a session.

The DLP has reportedly begun to prepare opening speeches and get ready for committee hearings in case the National Assembly convenes soon with just the DLP and UNP.

UNP floor leader Kim Chong-nam said next week's Chong-Kim meeting must produce a definitive decision on normalizing assembly affairs. The remarks, party sources say, reflected the UNP's decision to act without the DP if necessary.

The only party that is unchanged is the DP, whose floor leader Yi Chol said that no matter what the UNP did his party would not return to the National Assembly without a settlement of the local election issue.

Foreign Investment To Be Further Liberalized

SK1507032192 Seoul THE KOREA HERALD in English 15 Jul 92 p 8

[Excerpt] Beginning Jan. 1, next year, foreigners will only be required to report to the government when they make investments in 910 liberalized businesses, including synthetic resin manufacturing, instead of obtaining prior permission, the Ministry of Finance said yesterday.

At present, the reporting system for foreign investment is applied only to those making investments of less than 50 percent in the liberalized sectors.

However, foreigners willing to make investments in the other 238 business sectors, including general trading and dairy farming, will still have to get government approval.

These measures, designed to simplify foreign investment procedures, will go into effect starting Jan. 1, 1993 after receiving approval from the upcoming regular session of the National Assembly, the ministry said.

In a related development, the government is planning to set up an industrial complex exclusively for foreign investors in Asan-kun, Chungchongnam-to. [passage omitted]

New Measures Exempt Receiving Export Approval

SK1707041592 Seoul THE KOREA HERALD in English 17 Jul 92 p 8

[Text] Starting July 1 next year, those who export less than $10,000 worth of goods will be exempted from receiving government approval and most export inspections by the end of 1993.

High-tech industrial plants which produce small amounts of pollution will be allowed in areas where development is reserved for defense and other reasons.

These are part of a package of measures to relax restrictions imposed on economic activities which the government and the ruling party agreed to work out at a meeting yesterday. The government and the ruling party decided to seek a revision of relevant laws needed for the implementation of the steps as soon as possible.

The government will give the green light for construction of high-tech industrial plants such as computer programming in the capital area.

Restrictions on the minimum distance between irrigation reservoirs and planned factories will be relaxed to 5 km instead of 10 km.

The procedure for extending mortgage loans to businesses will also be simplified considerably.

The government will relax the requirement for small-and medium-sized firms to hire a set number of security, kitchen and other non-essential personnel.

Industry To Give Candidates Recommendations

SK1607062792 Seoul THE KOREA HERALD in English 16 Jul 92 p 8

[By staff reporter Yi Kap-su]

[Text] The Federation of Korean Industries [FKI], a grouping of Korea's major large enterprises, Tuesday [14 July] strongly suggested basic principles of state management to the government, discarding its past practice of complying with or following government guidelines "blindly."

Adopting a proposition on the "promising" direction of government policy actions, a group of FKI senior leaders said that the new government to be created next year following the presidential election later this year should be a small but democratic government.

The FKI recommendation paper to be presented in September to each presidential candidate of the ruling and opposition political parties was made based on three important premises—the market theory of demand and supply, service-oriented administration, and reinforcement of industrial competitiveness.

It is the first time that the FKI has worked out a package of formal recommendations aimed at the future direction of government policies encompassing six major fields—industry, financing, education & welfare, administration, and unification.

Nobody knows how much of the FKI recommendations will be reflected by the new government in carrying out its political, social, and economic policies.

One apparent thing, however, is that the impact of the FKI suggestions will be great, considering that it was a gathering of common opinions made by major business groups and large companies and that the new government may be the most democratic ever.

In the paper, the FKI strongly attacked the Sixth Republic government, citing its monetary and financing policies as "too conservative."

Monetary control should be shifted from the present direct regulations based on total money supply to indirect regulations focused on the monetary situation of banks and businesses, it said.

Countering the government's squeezed fiscal policy, the FKI said drastic expansion in fiscal spendings would be a prerequisite to tide over the difficulties facing the Korean economy.

On ways of strengthening industrial competitiveness, the FKI said it is essential for the government to invest 17-18 percent of the GNP in facilities of manufacturing industry.

Criticizing the government's excessive control over financing and business activities, the FKI demanded that the government pursue "real" privatization of banks by handing over the power to select heads and executives of banks to private shareholders.

To prevent corruption and irregularities prevailing in society, the government should raise the wages of public servants to the levels of state-run corporations next year, it also said.

It also called on the government to create a task force to exclusively deal with national land at Chongwadae in order to readjust the ongoing ineffective national land management projects.

The background to these and other adamant demands by the FKI could be explained two different ways, economic experts here say.

One is the FKI's aggressive attitude toward government policies ahead of the presidential election slated for December, which may provide large corporations with strong safeguards against possible economic renovation steps coming in the election campaign, they say.

It is well attested by the FKI's recent opposition to the government's new industrial policy to specialize business lines of the nation's major business groups and reduce their bank loans and payment guarantees.

Another target of the FKI's recommendation is to increase the private economic body's influence over government policies in the future as does the Japanese "Keidanren," they say.

Choe Chong-hyon, chairman of Sunkyong Business Group, who led the recommendation paper project, recently said the future role of the FKI should be of great help to the government's state control.

In the meantime, Deputy Prime Minister Choe Kak-kyu said yesterday in a meeting with FKI members that the government will adjust the current credit control system focused on strengthening the competitiveness of core companies before the end of the year in such a way as to ease the excessive concentration of economic power in several business groups.

Rejecting the FKI's recommendation, Choe also reaffirmed the government's earlier position to maintain a retrenchment economic policy.

Anyway, the FKI recommendation for the government's overall policy directions could be described as a "symbolic" gesture aimed at protecting businesses from political intervention, analysts say.

* Foreign Banks' Market Encroachment Eyed

922C0167A Seoul HANGUK KYONGJE SINMUN in Korean 28 May 92 p 5

[Editorial: "Foreign Banks' Market Encroachment Is Our Responsibility"]

[Text] The share of the domestic financial market occupied by the domestic branches of foreign banks is increasing by the day. The total assets of foreign bank branches, which influence operating scale, last year were 5.8 percent of the total domestic bank assets, or 11.8 trillion won, a big increase over the 5.2 percent of 1990. Thanks to brisk business activities, the net income of foreign bank branches also grew continuously. Last year's net profit was 171.8 billion won, rising about 29.7 percent over 1990. In particular, according to the final version of "Phase One Financial Autonomy and Liberalization Plan" published by the Ministry of Finance on 27 March, it is expected that if the A Fund—which corresponds to foreign bank branches' negotiable certificates of deposit (CD) issue limit and capital—increases in amount, the scale of business will grow even more.

In other business activities, such as foreign exchange transactions and opening of letters of credit, the activities of branches of foreign banks are also striking.

There are several reasons foreign bank branches are enjoying such relatively brisk business activities in comparison with domestic banks, but we can say the biggest factor is the domestic banks' shortage of loan funds. Because high economic growth continued for a long time and real interest rates were kept low as a result of high commodity price rises, there have always been plenty of people who wanted to use the money. In contrast, for a number of reasons the loan funds of domestic banks have become very limited: a variety of policy-oriented capital support, bad loans resulting from readjustment of insolvent businesses in the field of construction and maritime transport in the early 1980's, and capital support to prop up the stock market in 1989. The truth of the matter is that when businesses are unable to secure the necessary amount of capital when it is needed, since it involves the very survival of their businesses, they have no choice but to resort to foreign bank branches, even though their loan interest rates are high.

We can list interest rate controls as another factor. It is a well known fact that domestic interest rate levels are high compared with rates overseas, but real interest rates, which discount the rise in commodity costs, are regulated at a low level and manifest chronic excess demand in capital supply. As a result, numerous market distortions occur. With this kind of background, it has become possible to have various kinds of irregularities and expedients such as banks' demanding borrowers' participation in instalment savings or loan underwriting, and other compensating balance methods called "plucking" or requests for bonuses for providing the loan, called "money off the top."

So as a result of the insufficient capital capability and continuing interest controls, the stark fact is that domestic banks—lacking the ability to improve operations to improve services for the customers, develop new products, and raise productivity—are nonchalant with the situation, giving the pretext that this is the customary practice.

Nowadays, however, because of the Uruguay Round agreement and U.S. pressures, the opening of the domestic financial market has become unavoidable, and to survive in the competition with foreign financial institutions we have no choice but to quickly set up measures to deal with it. To summarize the methods that have been discussed, one is liberalization of interest rates and another is innovations in operations through training talented personnel, reduced management, and development of new products. In advance of the opening of the financial market, the importance of such responses is even more urgent. Such programs are common sense things that everyone sympathizes with and have long been recommended. Consequently, what must now be discussed are the following several points about about why we are unable to set up an improvement plan swiftly.

More than anything else, it is because of the stubborn resistance from vested interest groups that are making profits under the existing financial system. First of all we can point out the Ministry of Finance which, in order to achieve various kinds of policy objectives, has abused its administrative regulatory powers. Financial institutions including banks must have a certain public responsibility, but if government intervention becomes too frequent, market distortions occur and this gives rise to much greater dysfunctions in the economy as a whole. Also, it is not clear whether indeed policy objectives to be achieved through government intervention in the financial market help the economy as a whole or not and in many cases the policy decisions are not agreed upon through public discussion. A typical example is the measures taken by the government to prop up the stock market in late 1989.

Big business groups that get the preponderance of massive bank loans are another important interested party. It is true that big business groups have contributed greatly to our economic growth, but their excessive external expansionist operating strategy and insolvent financial structure are basic reasons for their weakened international competitiveness. Therefore, we must have stable economic growth so as to eliminate as quickly as possible the perception that if prices go up, bank debts are automatically paid off.

Political circles, which come under suspicion every time there is a massive bank loan, cannot escape responsibility for the backwardness of the domestic financial industry. Applying political pressure with respect to loans or personnel matters exists to some extent in foreign countries, too, but in our case political circles intervene too frequently and too forcefully and this has become a chronic problem.

Of course, the appointed officers of domestic financial institutions bear a great responsibility as well. Some employees take advantage of the irrational environment and commit all variety of irregularities in pursuit of personal gain and lose the trust of the consumers. Also, because personnel appointments that are not fair are a fast way to destroy the organization, fair appointments made on the basis of ability are above all urgent. Only by so doing will it be possible over the long term to achieve the training of talented personnel, the development of new products, investments in computerization, and increases in productivity.

In order to take on a certain public responsibility and, at the same time, compete with foreign financial institutions, which put the emphasis on profitability by coolheaded calculation, it is absolutely necessary to have a bold readjustment and awakening on the part of interested parties that are attached to vested interests.

*Reporters Attacked for Allegedly Biased Reports

922C0169A Seoul CHUGAN CHOSON in Korean 31 May 92 pp 24-29

[By reporter U Chong-chang: "Political Reporters' 'Inhospitable World'—Bickering over Biased Coverage of Particular Politicians, Even Making Embarrassing Scenes"]

[Text] These days, political reporters—in particular those assigned to the ruling Democratic Liberal Party [DLP]—lament that they are living in an "inhospitable world." With the legacy of compassion between juniors and seniors fading away, they would be seen arguing, often raising voices against one another, over their newspaper printing too much or too little news about some politicians, creating embarrassing scenes. Before they say anything at all, they must think twice, because what they say could label them as "YS [Kim Yong-sam] scholarship student" or "Yi Chong-chan Man" without their knowing it.

It happened in a restaurant at Kwanghwa Gate, Seoul, at 2100 on 12 May. Five political reporters of a certain morning paper were having their supper. They were working for the same paper but on different assignments. Three were assigned to DLP top leaders—YS, Kim Chong-pil and Yi Chong-chan respectively, while two covered opposition leaders—Yi Ki-taek of the Democratic Party [DP] and Chong Chu-yong of the Unification National Party [UNP].

Main topics at the table were private things like their families and children's education and they were in a very harmonious mood until one of them, whose assignment was Mr A, a candidate in the DLP race for presidential candidate, remarked almost casually that "Candidate A is having a press conference tomorrow...." A veteran reporter in the group asked, "Did you report it to the desk?"

The first reporter said, bluntly, "I know that they would not print it if it is about Candidate A. So, what is the use of reporting it to the desk in the first place?" Then, the veteran reporter, raising his voice a bit, countered reprovingly: "They may or may not print it, depending on the merit. Why do you take such a negative stance?" "No, I do not," retorted the first reporter. "As you know, only Candidate B is treated to top news every day. That is why," he said.

An heated exchange followed. While it was going on between the two, others looked on, seemingly embarrassed. A third reporter covering Candidate B, who unexpectedly found himself under fire, remained a listener, saying nothing. As conversations moved on to other tidbits, however, the air cooled down quickly.

This is the kind of scene that take place frequently these days, with political reporters for the same newspaper engaging in a verbal war over printed news, looking black with anger in some cases. If they occurred between reporters covering the government party and those assigned to the opposition, it could very well be viewed as reflecting a basic difference of opinion. Or, if the quarrel were part of a struggle for accurate and fair reporting, it might be a desirable phenomenon for the sake of the nation's political development.

Neither is the case with the current antagonism and wrangling among political reporters, however. Ruling-opposition conflicts have nothing to do with it. Reporters assigned to the DLP are divided into the YS camp and the Yi Chong-chan camp. They would bicker over how much news is printed for this side or that. They complain that the newspaper prints more about one side and gives the other side the cold shoulder, eventually spawning rumors that Reporter So-and-so is acting as an "adviser" to this or that politician.

This phenomenon is not an isolated one. It is common among all political reporters working for dailies published in Seoul. Reporters themselves usually find it embarrassing. It is, therefore, a prevailing feeling among reporters covering the government party that "with the atmosphere in the DLP press room so foul, we should try to make clear why it is so once and for all." Meanwhile, reporters covering opposition parties remain relatively quiet, perhaps because they have no sensitive political issues to work on now.

Mr Yi so-and-so is a political reporter of a certain morning paper in his ninth year as journalist. He had moved from the city editor's section to the political section five years ago. He was first assigned to the former opposition Democratic Party, covering Sangdo-tong [YS' residence], then to the DLP after the three-party merger that came after YS' change of heart. Never has he found a reporter's life so strenuous, he says.

It is not because of the heavy workload in a political season, he said. Writing news is his job and he has been doing it for five years already. But, never has he agonized so much over how to write his political articles as these days, he noted, suggesting that whenever an article signed by him is printed, backbiting follows.

According to him, it could be over a word or an adjective used in the article. One side would whisper that it is an expression friendly to YS while the other calls it hostile to him. If the complaint came from a reader on the phone, it could be easier to handle—the reporter could always comfort himself thinking that "everyone is entitled to his own opinion." It is unbearable, however, he noted, that the whisperings in fact go on inside the same company and, especially, the same section. "When a reporter gets a piece of information, it is viewed not as a result of news-gathering efforts but as a result of intimacy with a ceratin politician," he added, revealing his agony.

In the case of another Mr Yi, also a political reporter for an evening paper, he began his career covering the former Democratic Justice Party [DJP] when it was founded in the early 1980, carrying on his ruling party assignment even after the DJP became the DLP. In the DJP era and the days following the three-party merger, he had been recognized basically as an objective reporter.

When the presidential race divided the DLP into two camps, YS's and Yi Chong-chan's, this reporter began covering the latter and has since been viewed as "reporter friendly to Yi Chong-chan" by fellow reporters of the YS side. Consequently, he said, no matter how he wrote his news, fellow reporters and even politicians of the YS side would see him only as a reporter hostile to YS. This put him in a situation personally difficult to cope with, he added.

The phenomenon of political reporters being divided into friends and foes is nothing new. We saw it in the days of the former Liberal Party and the Democratic Republican Party, particularly in a political season around a National Assembly or presidential election. At the time of the 1987 presidential election, some political reporters acted as strategists in the race staged by No Tae-u and three Kims [Kim Tae-chung, Kim Yong-sam, Kim Chong-pil], touching off controversies among journalists. As the center stage of the nation's politics shifted from parties to individual politicians, the process resulted in reporter-politician affiliations as well as affiliations among politicians themselves.

Why are those political reporters—who should be impartial observers and objective news writers—taking the side of any particular politicians whom they are assigned to? Why are they even behaving as though they were politicians themselves?

Characterizing the intimate reporter-politician relationship as a natural phenomenon, an eight-year veteran journalist in the political section of an evening paper, said: "A political reporter is just another human being before being a political reporter. It is quite natural that he is influenced by the views of the politician whom he follows closely. News gathering gets difficult unless there is a relationship of trust between the reporter and politician." This journalist confessed that even he sees the behavior of DLP reporters these days—divided into two sides and making cutting remarks against each other—as a bit too much, however.

Another newspaperman of a morning paper, who had been in the city editor's section covering the police until his transfer four months ago to the political section and who is now assigned to YS, said: "After four months of following YS, I have found myself more sympathetic with the YS side's argument than with the Yi Chong-chan side is saying." "When you see it from the city desk's standpoint, however, it poses some problem, of course." "The spirit of criticism is newspaperman's life," he continued, "but political reporters tend to interpret things in a political way and this raises the question of objectivity in what they write."

He said that as a political reporter in the past four months, he has witnessed things that would have been unimaginable to him while in the city editor's section. He said: "When YS held a rally at Chongju in connection with the DLP race for presidential candidate, the male and female M.C.'s produced an awkward atmosphere by overly lauding YS as "our leader." Also, the third speaker for the day was judged to be a failure by reporters. After the rally, some reporters informed the YS campaign staff of their findings and, as a result, the flaws were corrected at the next rally held in Kangwon Province. At a time they should have written in their paper on whatever problems they found, those reporters chose to act as advisers for YS, much less write about their findings."

Reporters assigned to the DLP have volunteered comments on some of the common problems among them.

A political reporter of an evening paper: "A political reporter of a certain evening paper phoned the desk to protest the handling of news about Yi Chong-chan and YS, asking the reasons why the paper prints less on Yi than on YS. It is the desk's inherent prerogative to decide whether to delete a certain line or lines in a specific news item or let them stand, not to mention whether to print the article itself. In the past, it was impossible for a reporter to turn to the desk and make such a protest."

A political reporter of a morning paper: "On the day of the DLP election to pick its presidential candidate, the Yi Chong-chan side informed the press room of Yi's schedule for the day belatedly. The schedule of a politician is normally reported to the press room in the morning. Reporters, sensitive to the press time as they are, need to know the schedule as early as possible. But, that day the Yi side had waited until the last moment on the grounds that a premature leak could trigger interfering maneuvers. Reporters should have protested. Instead, they meekly accepted the Yi side's explanation and made no protest.

Another political reporter of a morning paper: "Reporters—whether covering the YS side or the Yi side—should criticize wherever it should be criticized. But, there is a strong tendency among reporters to refrain from asking questions that politicians could find difficult to answer. Furthermore, for politicians of the side they are assigned to, they would often give them their cue. While the political pages these days seem to be approximately equally divided between YS and Yi, lines critical of Yi can hardly be found in writings about him. It appears that greater attention is being paid to maintaining a physical balance in terms of the amount of news printed than to the need for criticism."

Most of reporters covering the DLP insist that the reporter-politician personal ties are not a negative thing but a necessity in news gathering, and that politicians themselves are responsible for gossips that draw lines between reporters by labeling them as "friend" or "foe" of this or that politician.

Commenting on his personal experience, a morning paper political reporter said: "One day right after the three-party merger, I and two other morning paper reporters and a broadcast reporter happened to have a dinner with a key staff member of the YS side. After eating, we moved to another place for some drinking, where we met a legislator of the DJP faction. He briefly joined the party before leaving the place. When I got to the press room the next day, there was a story going around alleging that 'the YS side got four political reporters over for an anti-DJP press strategy session yesterday.' The rumor originated with the DJP-faction legislator who was in the party the previous night."

The old "YS scholarship student" gossip in our society, an evening paper reporter said, is another case of such rumors spread by politicians. "It was once alleged that some political reporters were receiving 'scholarship money' from YS and in return writing articles favorable for his side. That is the story behind the so-called YS scholarship students. In my view, the source of the rumor was a rival faction in the same party, because that was the group indulged in drawing lines between reporters. In the presence of reporters, people of that faction would comment on their fellow reporters, even identifying them by name and openly accusing them of being close to YS. This led to the coining of the phrase 'YS scholarship student," and soon to a list of 51 'YS scholarship students' reporters circulating among stock brokers. When I saw the list, I strongly felt that it was made with malicious intent, for some on the list even had no personal acquaintance with YS."

According to another reporter of an evening paper, the case of "Hwamok-hoe"—formed by an aide to Pak Tae-chun, DLP supreme committee member, to play a supportive role for Pak—was in fact another example of politicians dividing reporters into separate groups. "Hwamok-hoe was a club of political reporters residing in Hwagok-tong and Mok-tong, Seoul, formed under the sponsorship of a person close to Pak. That person paid all the expenses for the club."

Also responsible for the fact that some reporters appear to be on intimate terms with certain politicians are the politicians themselves, according to political reporters. A morning paper reporter explained: "Politicians would seldom speak candidly in the presence of two or more reporters. When speaking to an intimately close reporter, they would not talk loudly but whisper into his ear. A certain politician, for instance, when speaking to a reporter who happens to be his junior from the same high school, would talk down from the beginning; otherwise, he would use a more polite language no matter how long he has been seeing the reporter. Thus dividing reporters into "friends" and "foes," politicians spawn a sense of alienation among reporters treated as "foes," which in turn kindles gossips of which reporter being on intimate terms with which politicians.

"The same also applies to the opposition DP. At his residence in Tonggyo-tong, DP Chairman Kim Tae-chung has his study in the basement, which he uses for huddles with important persons. A meeting there is regarded as a status symbol for visitors. How many times a reporter was invited there indicates the degree of Kim's trust for him. The reporter seeing Kim there most frequently would be known as one most trusted by him."

The political reporter's life is a tough one. Since they are meeting politicians routinely, it might appear to be a colorful life to outsiders. In fact, it is not. They have to resort to every possible means to get news out of them. Only by reaching levels where reporters can share whispering conversations with politicians can they get scoops and be recognized as sharp reporters. Therefore, it is most important for reporters to build relationships of personal trust with politicians.

To that end, political reporters run about day and night. Their day begins at about 0700 as they stop by the home of the politician they are assigned to, feeling out the day's atmosphere. They have no fixed working hours, because politicians' politicking go on night and day. Their day comes to an end only after they drop in the same politician's residence again at about 2200 and share a few words of conversation. It is not that they get news every time they meet a politician, but they have to pursue the flow of events. Otherwise, they cannot write their articles. Political reporters say that it is only a few times each month that they get to their homes before midnight.

Politicians' responses to published articles are another factor making their life tough. A morning paper reporter said: "When I report to the press room in the morning, I can directly feel the response to what I wrote the previous day. If a politician likes it, I can feel it in the way he shakes my hand." "If he dislikes it, he would not even return my greetings."

In what is common with all media, political reporters are divided roughly into two divisions, one assigned to government offices and the other to political parties, the former covering Chongwadae, the Prime Minister's Office, the Foreign Ministry and other agencies, while some of those assigned to political parties cover the ruling party and others the opposition. Furthermore, in the coverage of the ruling party, individual reporters are assigned to DLP executives, particularly such news makers as Kim Yong-sam, Kim Chong-pil, Pak Tae-chun, Yi Chong-chan, Kim Yun-hwan, Pak Chol-on and Yi Tong-han. Meanwhile, reporters assigned to the opposition cover the DP, UNP, new parties and dissident groups.

A certain political reporter spoke his mind by saying that "the reporter is a migrating bird." He said: "Once his assignment is determined by the company, the reporter must put his life on the line there. It is undeniable indeed that there is the possibility that political reporters who are stuck in one place too long become part of that place and corrupted, like the stagnant water becomes foul; except for a handful, however, most of them are striving to keep their sense of balance."

While political reporters are required to embody the spirit of criticism more than anyone else and to show it in words and in writing, they—at this time of radical change over the nation's next presidency—are anguished and troubled with their job. Such is the plight they are in nowadays.

Brunei, Malaysia & Singapore

Malaysia

Diplomatic Ties Established With Micronesia

BK1607153192 Kuala Lumpur Radio Malaysia Network in Malay 1430 GMT 16 Jul 92

[Text] According to a statement released by the Ministry of Foreign Affairs, Malaysia and Micronesia have established diplomatic ties at the ambassadorial level today. The opening of diplomatic ties with the Pacific Island nation is based on the mutual desire by the two countries to further strengthen relations and cooperation.

Daily Calls for 'Fair New Order' in World

BK1707034792 Kuala Lumpur BERITA HARIAN in Malay 9 Jul 92 p 8

[Editorial: "The World Needs a Fair New Order, Not an Order That Serves the Developed Countries"]

[Text] The fact that the world does not need a new order because the current UN Charter is adequate is not surprising. Moreover, not only has the new order been determined by developed countries, but it has also become their exclusive right. However, we need to pay attention to this matter because the statement was made by former UN Secretary General Javier Perez de Cuellar who was leading the world body during the Gulf war and at the end of the cold war. As an experienced statesman who once led the body that determines the future of the world, he certainly expressed his views on the basis of his mature knowledge of the international political situation.

Delivering a speech at a Citibank-sponsored leadership course in Kuala Lumpur yesterday, Perez de Cuellar said that the newly proclaimed world order is nothing but a division of powers among big powers. Accidentally, the United States is currently the only superpower. All countries must realize that they need one another to solve current world socioeconomic and political problems. This being the case, the Peruvian statesman added, the UN Charter that fights for universal human rights is capable of serving as a tool to settle problems although many members want it to be reviewed.

Unfortunately, Perez de Cuellar expressed his views after he finished leading the United Nations. Had he made the statement as UN secretary general, it would certainly have had a different impact and we would have been very interested to know the reaction of the developed countries, particularly the United States. Anyway, we feel proud because Perez de Cuellar was courageous enough to express his views although such views have been frequently voiced by many world leaders, including Datuk Sri Dr. Mahathir Mohamed. Even former U.S. attorney general Ramsey Clark has criticized the unequal new world order created by President George Bush.

Following the end of the cold war, the world hoped for a more fair and comprehensive new order covering the political, economic, and social fields. We hoped that a new order would be based on morality, humanity, freedom, and respect for countries, even small ones. However, the hope evaporated when the Bush administration used the new order as a subtle international political tool to dominate the world before embarking on more violent policies and action. The new order has also in fact become a tool for the developed countries, particularly the Group of Seven, to colonize and suppress the developing countries economically. The breakup of the Soviet Union, which downgraded its status as a superpower, has enabled the United States and its allies to do anything they want to realize their interests.

Accordingly, we agree that the world would in fact not need a new order if it merely further widened the gap between the big powers and the small countries. The fate and future of the world cannot be determined by the developed countries, particularly the Group of Seven that now appears to be more powerful than the United Nations. Instead, countries must seek ways to ensure that the United Nations will be stronger and more democratic on the basis of the current charter. Democracy for the world community means the involvement of all countries in international affairs. There should be a system to maintain an international balance. Every country should ensure that there will no longer be economic, political, military, diplomatic, or cultural colonialism in the world. Any new forms of imperialism or hegemonism in the coming years will be a tragedy for mankind. This being the case, we want more statesmen, particularly those from developed countries in addition to Perez de Cuellar and Clark, to come out in unison to counter any forms of colonialism like the one proclaimed by the United States.

Cambodia

Sihanouk Chairs 16 Jul SNC Meeting

BK1607122592 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1100 GMT 16 Jul 92

[Text] The meeting of the Supreme National Council [SNC] was held this morning under the chairmanship of the prince head of state and chairman of the SNC. The meeting was attended by representatives of all Cambodian factions who are members of the SNC except for Son Sann and Son Sen.

Also present on that occasion were His Excellency [H.E.] Akashi, special representative of the UN secretary general; representatives of the big five countries; and ambassadors and envoys of various countries attached to the SNC.

Mr. Akashi made a report on new developments of the situation by expressing concern over the cease-fire violations in Siem Reap, Preah Vihear, and Kompong Thom Provinces in which 122-mm mortar shells were fired into an area near the UNTAC [UN Transitional Authority in Cambodia] office in Kompong Thom Province.

Mr. Akashi expressed regret that the Democratic Kampuchea side had not given any positive response to the second phase of the cease-fire and had withdrawn its representatives from the Mixed Military Working Group [MMWG] without giving any reason until now.

Concerning the aid for rehabilitation and development of Cambodia, Mr. Akashi cited the success of the Tokyo conference as proof of the international community's goodwill and support for the Cambodian people's self-assistance efforts reflecting the Cambodian people's forward drive.

Mr. Akashi stressed that it was inappropriate to oppose or refuse to accept any aid which would benefit the Cambodian people. Any party doing so in the belief that it might get political gains should thoroughly weigh the bad consequences arising from its short-sighted thinking.

To date, Mr. Khieu Samphan, representative of the Khmer Rouge, still opposes the granting of aid as pension pay for teachers, health personnel, and electricity and water works employees.

His Royal Highness [HRH] Prince Norodom Sihanouk made an appeal to all parties calling on them not to use force; to stop violating the cease-fire; and to settle their conflicts through the MMWG, UNTAC, and SNC.

The prince also condemned the firing on the UNTAC planes and helicopters as an unacceptable act.

In conclusion, HRH Prince Norodom Sihanouk, in his capacity as the SNC chairman who has been authorized by the Paris agreement to have the right to make the final decision, declared that it was impossible to wait any longer because the people and country need the aid. Therefore, we should follow Mr. Akashi's proposal concerning the aid for rehabilitation and development of Cambodia.

Further on Meeting

BK1707122992 Phnom Penh SPK in English 1122 GMT 17 Jul 92

[Text] Phnom Penh SPK July 17—The Supreme National Council (SNC) met yesterday morning at the Khemarin Palace under the chairmanship of the president of the SNC, HRH [His Royal Highness] Prince Norodom Sihanouk, and in the presence of the special repesentative of the secretary-general, Mr. Yasushi Akashi, according to UNTAC [UN Transitional Authority in Cambodia] spokesman Eric Falt.

Mr. Akashi began the meeting with a statement on rehabilitation which outlined the economic and social needs of Cambodia and offered a package of aid projects. The proposal was well received by three of the parties who expressed their full support.

The Party of Democratic Kampuchea (PDK), meanwhile, supported the principle to implement most of the proposed projects but voiced concerns over the special rehabilitaion loan from the Asian Development Bank [ADB].

Mr. Akashi regretted that the PDK still expressed reservations, despite his repeated assurances that aid would be made available by UNTAC in an impartial manner. The special representative asserted that the aid was to benefit the Cambodian people, and not any particular faction at the expense of another.

Prince Sihanouk indicated that the SNC could not afford to delay the process of rehabilitation and reconstruction of Cambodia. While he respected the views expressed by the PDK, the prince gave the SNC's official endorsement of the aid package which Mr. Akashi presented.

Concerning the military situation, Mr. Akashi indicated that Phase 2 of the cease-fire was stil progressing despite some cease-fire violations. It was "with a heavy heart," he said, that he must inform the SNC that the National Army of Democratic Kampuchea (NADK) had yet to participate in Phase 2, despite the expressed willingness of many NADK commanders to report to regroupment and cantonment sites. Mr. Akashi also noted the regrettable absence of the NADK from recent Mixed Militay Working Group meetings and the fact that PDK radio, the Voice of the Great National Union Front of Cambodia, was continuing to undermine UNTAC's efforts.

The British ambassador, on behalf of the core group, appealed to the factions not to be confrontational and to allow UNTAC free access throughout the country. Prince Sihanouk regretted that UNTAC aircraft had been attacked and that the safety of UNTAC personnel had been compromised. He urged the factions to cease all military activities.

It was agreed that the SNC would meet next on Thursday, 23 July 1992 at 9:00 a.m.

Khieu Samphan Discusses Foreign Aid

BK1707012392 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 16 Jul 92

["Excerpts" from the address given by Khieu Samphan at the meeting of the Supreme National Council on 16 July—read by announcer]

[Text] His Excellency Khieu Samphan said: The participation of the delegation of Democratic Kampuchea in the Tokyo meeting should not be regarded as the DK's agreement that aid which will affect interests of other parties and of the Supreme National Council [SNC] can be given to any Cambodian party. He reaffirmed the support of the Party of Democratic Kampuchea [PDK] for a number of projects presented by H.E. Akashi, such as a public works project to repair roads and bridges and so on. In addition, H.E. Khieu Samphan made the following remarks:

The PDK has opposed and will continue to categorically oppose aid provided to sustain the budget or to pay the debt of a party, that is the Phnom Penh party that has refused to hand over power and necessary means to the SNC, which is the unique legitimate body and source of authority in Cambodia. The refusal constitutes a violation of the Paris accord's provision on the SNC role. It is this violation that has throttled the Cambodian peace process. As long as this most important issue has not yet been solved, the SNC cannot to do anything and will not be able to fulfill its heavy task entrusted by the Paris accord. They refuse to delegate power to the SNC in compliance with the accord but they ask the SNC to borrow money from international organizations. Everyone knows that the money is for the Phnom Penh party, which was installed by foreign forces, but the debt will be shouldered by a future elected Cambodian government. Besides, the loan is destined to support the value of the riel currency, which the Vietnamese and the Vietnamese-installed Phnom Penh regime have issued to serve their invasion and occupation of Cambodia thus far.

No Cambodian party has the authority to print bank notes, but the Vietnamese-installed Phnom Penh party has continued to assume economic and financial authority against the spirit and letter of the Paris accord. At present, the Cambodian people, the most unfortunate victims of the situation, do not want the Vietnamese's money. Lately, the people have thrown away the 10, 20, and 50 riel bank notes on roads. All in all, this shows that it is imperative to immediately implement the following two key issues of the Paris accord:

1. Verify the withdrawal of all foreign forces and their non- return.
2. The role of the SNC, which is the unique legitimate body and source of authority in Cambodia.

Khmer Rouge Cease-Fire Violations Reported

BK1607124292 Phnom Penh SPK in English
1056 GMT 16 Jul 92

[Text] Phnom Penh SPK, July 16—The Khmer Rouge have again violated the cease-fire by carrying out attacks on the provincial town of Kompong Thom on 14 July.

Kompong Thom, a central province of Cambodia, 150 km north of Phnom Penh, has been subjected to the Khmer Rouge's attacks in an attempt to extend their controlled areas.

According to Ministry of Defense sources, the Khmer Rouge fired seven rockets of H-107 on the provincial town, destroying a warehouse of the communication office and a number of property.

The sources said one of the rockets was landed near the UNTAC Headquarters in the town.

Four Cambodian warring factions signed the peace accords in Paris last October 1991 to end two decades of civil war in Cambodia. However, the Khmer Rouge have failed to comply with the accords by refusing to lay down their arms and regroup troops in the UN supervised cantonments.

KR Urged To End Boycott of Peace Process

BK1707110892 Hong Kong AFP in English
1032 GMT 17 Jul 92

[Text] Bangkok, July 7 (AFP)—The U.N. Security Council will meet next week to discuss the Khmer Rouge's [KR] boycott of Cambodia's peace process, the U.N.'s Cambodia chief, Yasushi Akashi, said here Friday.

Speaking to reporters after meetings with Thai leaders, Akashi said the faction's recent demand that the Phnom Penh government be dismantled before it would disarm its forces were not in keeping with the Cambodian peace treaty signed last year in Paris.

The upcoming Security Council discusses on Cambodia are to decide whether the Khmer Rouge should be publicly condemned and sanctions adopted.

The Paris accord, Akashi said, made no reference to "getting rid of or abandoning or abolishing or dismantling any existing administration."

"Dismantling of any of the four administrations is not on the cards," he continued.

The Khmer Rouge were the dominant force in a (word indistinct) tripartite guerrilla coalition which fought the Vietnam-installed Phnom Penh government during the 13-year Cambodia civil war.

All four rival factions had set up administrative structures in areas under their control. Phnom Penh's rule covers some 80 percent of the war-ravaged country.

Meanwhile, Japan has reportedly launched an effort to try to persuade the Khmer Rouge to end the boycott of the peace process.

Sakutaro Tanino, a senior Foreign Ministry official from Tokyo, was meeting Khmer Rouge leaders here Friday in a bid to convince the radical group to comply with the Paris accord, according to reliable sources.

The guerrilla group has refused to go along with the disarmament programme launched early last month by the U.N. Transitional Authority in Cambodia (UNTAC) as long as Phnom Penh's leadership was not dissolved.

(In Tokyo, a Foreign Ministry official said that Tanino was on a visit to Bangkok, but would not confirm the meeting with Khmer Rouge representatives.

(He would only say that such a meeting was "a possibility," adding that Tanino was also travelling to Phnom Penh for talks there).

The Japanese diplomat was believed to be meeting in the Thai capital with the Khmer Rouge's nominal leader, Khieu Samphan, and the faction's military chief, Son Sen, although this could not be immediately confirmed.

Khieu Samphan and Son Sen are the group's representatives on the Supreme National Council, a reconciliation body formed with officials of all four of Cambodia's rival factions.

Akashi and UNTAC's military chief, Australian Lieutenant-General Sanderson arrived here Friday from Phnom Penh for a four-day visit.

The two immediately went into meetings with Thai Prime Minister Anan Panyarachun, his defence mininster, Banchop Bunnak, and foreign minister, Asa Sarasin.

In an official radio commentary monitored here, Phnom Penh said that "it is time to stop gentle efforts to persuade Pol Pot to soften his stand."

Pol Pot headed the Khmer Rouge during the group's murderous near-four year-rule over Cambodia in the 1970s.

Although Khieu Samphan now officially heads the group, Pol Pot is generally believed to remain its overall leader.

PRC Calls for Peaceful Approach To Conflict

BK1707051092 Phnom Penh SPK in English 0409 GMT 17 Jul 92

[Text] Phnom Penh SPK July 17—China on Thursday [16 July] renewed its call for peaceful negotiation to resolve the Cambodian conflict following the Khmer Rouge's shelling of a provincial capital, reports AFP.

"It is China's consistent view that the Paris agreement should be implemented comprehensively and that specific problems and difficulties arising in that process should be properly resolved through consultations and dialogue," Foreign Ministry Spokesman Wu Jianmin said.

Wu was asked to respond to the latest Khmer Rouge proposal that it carry out a phased disarmament in exchange for the Phnom Penh government's dissolution.

The Marxist faction, traditionally backed by China, signed a peace treaty in October ending the 13-year-old Cambodian civil war, but has refused to go along with United Nations peacekeepers implementing the accord.

The Khmer Rouge has fought Phnom Penh forces in several areas and sent three mortar rounds into the northern provincial capital of Kompong Thom on Tuesday, a UN spokesman said.

During a recent visit made by Cambodia People's Party Chairmam Chea Sim, Chinese Premier Li Peng reportedly told Chea Sim that China would "treat all the parties of Cambodia equally without discrimination" and that China would contact with the four groups represented in Cambodia's Supreme National Council.

Prince Chakkrapong Receives U.S. Envoy Twining

BK1607140492 Phnom Penh SPK in English 1052 GMT 16 Jul 92

[Text] Phnom Penh SPK July 16—Prince Norodom Chakkrapong, deputy prime minister of the State of Cambodia, received in Phnom Penh Tuesday Charles Twining, U.S. special representative to the SNC [Supreme National Council].

Prince Chakkrapong, son of SNC Chairman Prince Norodom Sihanouk, informed the U.S. diplomat of the government open-door policy for foreign companies which intend to invest in tourism, agriculture, industry, and other economic fields in Cambodia.

The prince also expressed thanks to the U.S. Government for its contributions to Cambodia's national reconstruction, especially to the process for a lasting peace in the country.

Charles Twining has been appointed as U.S. special representative to the SNC since November 17, 1991, only three days after SNC Chairman Prince Norodom Sihanouk returned to Phnom Penh from his 13 years living in exile.

CFTU's Men Sam-an Meets U.S. Ambassador

BK1707070792 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 0430 GMT 9 Jul 92

[Text] On the morning of 8 July at the office of the Cambodian Federation of Trade Unions [CFTU], Mrs. Men Sam-an, member of the Standing Committee of the Cambodian People's Party Central Committee and chairperson of the CFTU, received in audience His Excellency [H.E.] Charles Twining, special representative of the U.S. Embassy in Cambodia. On that occasion, Mrs. Men Sam-an profoundly thanked the U.S. Government for its support and promotion of the search for peace and national reunification in Cambodia and also extolled the U.S. envoy for his efforts in the performance of his mission in the country. Mrs. Men Sam-an also briefed her guest on living conditions and the activities of Cambodian laborers the past.

In his reply, H.E. Charles Twining deeply thanked the State of Cambodia's Government for having created abundant favorable conditions for his mission in the country and also expressed his esteem for the past great achievements of the CFTU. He said the United States would assist the Cambodian laborers and that Cambodia would recover peace in the near future. He added that he would send a working group of the Bangkok-based U.S. Federation of Trade Unions to jointly promote the CFTU's activities in Cambodia where a free market economic system is being implemented to improve the living conditions of the Cambodian workers.

Latest KR Proposal Branded 'Another Stratagem'

BK1707052992 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1300 GMT 16 Jul 92

[Station commentary: "Another Stratagem of the Khmer Rouge"]

[Text] Lately, as they have strongly been condemned and bitterly isolated by the international community on account of their intransigence over the implementation of phase two of the cease-fire, the Khmer Rouge have falsely put forward a proposal that their troops will be handed over to the United Nations in four weeks in exchange for the dismantling of the government of the State of Cambodia [SOC]. The Khmer Rouge have shamelessly uttered that they will place 10 percent of their troops under UN control during the first week in exchange for the dissolution of the Ministries of National Defense and National Security; 50 percent during the second and third week for the disbandment of the SOC Ministries of Foreign Affairs, Finance, and Information; and the remaining 40 percent during the fourth week for doing away with the posts of the president, prime minister, and National Assembly speaker as well as other government institutions of the SOC.

Observers say the Khmer Rouge's offer is a delay stratagem to bolster their reasons for rejecting the implementation of the UN peace process in Cambodia. The general public still well remembers that under the Paris 23 October 1991 accord, the United Nations is to place troops from all the parties in cantonments, then demobilize and turn 70 percent of them into civilians. Along with this, the UNTAC [UN Transitional Authority in Cambodia] will directly supervise the five important sectors, including national defense, foreign affairs, finance, public security, and information.

With genuine goodwill to bring about peace for the nation and people, the SOC has sincerely and unremittingly implemented all the aspects of the accord. And so far, the Cambodian People's Armed Forces have regrouped their troops in six UN-supervised cantonments and are prepared to regroup and put the remaining troops under the UNTAC verification. Besides, despite violations repeatedly committed by the Khmer Rouge against positions under its control—resulting in systematic devastation—the SOC side remains patient and does not counterattack. This is to avoid rekindling the flame of war. Anyway, this attitude does not signify the SOC's weakness, and everyone knows that only the SOC forces are effective enough to prevent the return of the genocidal Pol Pot regime. Moreover, although it controls the absolute majority of the territory and has a legitimate structure of administration, the SOC government has always declared [words indistinct] and is prepared to place important sectors which are related to the neutral climate of elections in 1993 under the UNTAC's direct supervision.

International public opinion has highly valued the SOC's gestures and efforts in implementing the UN peace accord. However, the Khmer Rouge, with their unswerving strategic goal of overthrowing the new regime and returning to power to further commit massacres and human right abuses, do not agree. Over the past 13 years, they have not been capable of defeating the SOC with military, political, and economic forces. As such, Pol Pot has concocted and employed peaceful political maneuvers to topple the SOC. As a matter of fact, during the past over eight months, the Polpotist clan has used SNC forums to stymie the process of applying the accord and military force to attack and retake the SOC positions for the purpose of expanding their territories and massing the populace. Worst still, the Polpotist faction has accused UNTAC of siding with the SOC and has ordered its forces to attack the UNTAC offices (?in some provinces) and shoot at UN helicopters on many occasions.

The Cambodian people, who used to experience sufferings and a race-exterminating process under the Pol Pot regime, wish to call on the entire international community not to let the UN peace plan become a hostage of the Polpotist clan and not to let the civil war in Cambodia drag on due to the intransigence of the stubborn Khmer Rouge. Their demands completely contradict the provisions of the Paris accord by which the existing government is to continue its works so as to ensure the people's daily life until the holding of elections for a new government is completed.

We are of the opinion that it is time to stop gentle efforts to persuade Pol Pot to soften his stand. As His Excellency Hun Sen, chairman of the SOC's Council of Ministers, proposed on (?8) July, drastic measures must be used. It is true that the Cambodian people do not want to see the UN peace plan collapse, but neither can they afford to again become the Khmer Rouge's victims.

Chea Sim Ridiculed as 'Puppet President'

BK1707080792 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 9 Jul 92

[Text] Why has Chea Sim served as the Yuon [derogatory term for Vietnamese] lackey-puppet president?

The people in Krabau and Teap communes, Kamchay Mea District, Prey Veng Province, ridiculed, laughed at, and were very angry with Salat, currently known as Chea Sim who has been appointed as Phnom Penh puppet president by the Yuon aggressors.

One day after meeting to discuss how to jointly defend their villages and prevent the Yuon aggressors and the puppets—their lackeys—from forcibly recruiting their children to fight and die for the Yuon and their lackeys, the people in Anlung Kreh village of Krabau Commune chatted about this matter. Some people said that the Yuon aggressors appointed Chea Sim as puppet president and lackey because this man serves them better than Heng Samrin. This man is more fascist than anyone else. During the past four years, Salat, alias Chea Sim, has joined with the Yuon aggressors in bleeding the Cambodian people white. The people in Ponhea Krek District and in the entire province of Prey Veng clearly classified Salat or Chea Sim as a traitor and out-and-out lackey of the Yuon aggressors.

The people said that according to the laws of the national and international tribunals, this fascist, cruel, and cheap traitor Salat or Chea Sim should be sentenced to death. But if Salat, alias Chea Sim, repents his wrongdoing, stops being a traitor and cheap lackey of the Yuon, and turns to join with the Cambodian nation and people in implementing the 23 October 1991 Paris agreement correctly and in its entirety, particularly its two key points, the Cambodian nation and people might forgive him and accept him as an ordinary citizen like all others.

Radio Renews Personal Attack Against Hun Sen

BK1707082392 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 10 Jul 92

[Excerpt from the "News Briefs Feature"]

[Text] People at Toul Roka and Dei Leu Villages, Peam Kroesna Commune, Stoeng Trang District, Kompong Cham Province, are ridiculing a claim by Hun Nan—called Hun Sen—the current prime minister of the Vietnamese traitorous lackey clan in Cambodia, that he lost one eye because he was fighting against the U.S. aggressors. The villagers say Hun Nan—called Hun Sen—was an insolent boy and other kids hated him very much because while playing he behaved very badly and had a foul mouth, insulting people of all age groups. He was also villainously active and stole from any inattentive person, quickly hiding the stolen articles in his shorts. One day, Hun Sen was caught red-handed hiding a scarf stolen from a child under his shorts; then he was beaten on the head, kicked, and shot in the eye with a catapult. This is the reason he is missing one eye today. In Peam Kroesna Commune, Hun Sen is called the one-eyed kid.

By his signature, Hun Nan—called Hun Sen—at the Vietnamese aggressors' behest has allowed some two million Vietnamese aggressors to almost completely plunder the land, houses, property, and cattle of the people for the past 14 years. The people say they have already pronounced a verdict against the kinds of traitors like Hun Nan called Hun Sen.

Pakistani Ambassador to SNC Appointed

BK1607140292 Phnom Penh SPK in English 1049 GMT 16 Jul 92

[Text] Phnom Penh SPK July 16—Pakistan has appointed Major General Riaz Mahmud as its ambassador to the Supreme National Council of Cambodia (SNC).

Pakistan is the 40th country which opens diplomatic mission in Phnom Penh following the setting up of SNC Headquarters last year.

Speaking to Riaz Mahmud during the credentials presentation held here Wednesday, Prince Norodom Sihanouk thanked the Islamic Republic of Pakistan for opening its diplomatic mission in Cambodia. The prince pledged to make favourable conditions for Mahmud to fulfill his mission in Cambodia and for the development of friendship and cooperation between the two countries and peoples.

In reply, Major General Riaz Mahmud said he was confident that under the prince's policy of national reconciliation, the Cambodian people would obtain a real and lasting peace in the near future.

Also present on the occasion were Hor Namhong, foreign minister and SNC member of the State of Cambodia, and Ieng Muli, SNC member of KPNLF [Khmer People's National Liberation Front].

Laos

Article Views Current Thai Political Situation

BK1707092792 Vientiane Vitthayou Hengsat Radio Network in Lao 0500 GMT 16 Jul 92

[PASASON feature: "Political Situation in Thailand Following Dissolution of House of Representatives"—date not given]

[Text] Respected listeners. As everyone knows, according to reports by Thai mass media, in particular radios, following the dissolution of the House of Representatives, preparations are now being made in Thailand, in an enthusiastic atmosphere, for the general elections which are scheduled for 13 September this year. In light of this, it is apparent that the political situation in Thailand is now lively, and it is worth following. Various political parties are now hurrying to improve themselves in preparation for the announcement of their policies and selection of candidates to run in the elections. The most important move is that they are making great efforts through different means to gain popularity. Some parties have dissolved themselves and then joined with other parties which they see as maintaining financial potential and power. Some political groups have formed new parties of their own and selected those who have maintained political influence to be their leaders. For example, members of the newly formed Chat Phatthana Party have named General Chatchai Chunhawan, who has just returned to the political scene, as their party leader.

Through the aforementioned change of the situation, it can be said in summary that there are now many political parties which have carried out activities in Thailand at present. Among them is Samakkhi Tham—the party which gained the most votes in the last elections. This party has now been separated into many parts. Though a number of party members are still loyal to the former leader, they can no longer maintain the former status of their party. It is not certain whether or not this party can exist. As for Athit Urairat, former president of the parliament and former member of the Samakkhi Tham Party, he has reportedly planned to establish a new party. However, he has not yet made any official announcement on this matter. The Chat Thai Party, which has been well known in the past, has lost its role and influence following the withdrawal of its leader—General Sombun Rahong. Nevertheless, this party has now struggled for its survival with the hope of being accepted as one of the parties in the next coalition government. Despite this situation, public opinion is critical of the Chat Thai Party becoming bigger than before. It is well known to all that Gen. Chatchai Chunhawan, former adviser to the Chat Thai Party, has now become leader of the Chat Phatthana Party. As for the New Aspiration Party, its path of advance depends on the decision of General Chawalit Yongchaiyut who, in the past few days, referred to the opposition parties during the government of General Suchinda Khraprayun as parties of the justice side while calling the parties of the coalition government satanic parties.

Nevertheless, in the political arena, the saying of having no true friends or permanent foes remains in effect. This saying has now been frequently noted in the Thai mass media circles. The Democrat Party has now become a popular party. This is because the party leader, Chuan Likphai, displayed his roles in a very appropriate manner throughout the period of political confusion. For this reason, the Democrat Party can be an advantageous party in the next elections. According to recent polls, the Democrat Party has gained the most popularity. As for the Phalang Tham Party, according to public assessment, it can grow bigger and stronger beside the Democrat Party if General Chamlong Simuang should return to serving as leader again and if he should put an end to his idea of coming and doing by himself. With regard to the Social Action Party, displaying a role as party leader, Montri Phongphanit, who is quick to political currents, can possibly continue to maintain the status of the party.

Along with the aforementioned situation, various small political groups are striving to attach themselves to the various political parties so that they can stand in the elections. All these are part of the rousing situation, or it can be called fanfare in the political circles of Thailand in the present. Nevertheless, general public opinion is of the view that in the coming general elections, vote-buying practices will, more or less, be reduced. But the true situation in this regard can be seen only when the elections take place. However, most Thai people have regarded vote buying as a customary practice in the elections.

In addition, some political analysts in Thailand are of the view that in the coming elections, it is possible that more young politicians will be elected to the political arena, while others are of the view that major businessmen themselves will stand for election. This is because the incident that occurred last May, called the Black May incident, has given a considerably distasteful lesson to the people of all strata in Thailand.

Philippines

Board Created To Review Relations With U.S.

HK1707065892 Quezon City Radyo ng Bayan in Tagalog 0500 GMT 17 Jul 92

[News briefing by Presidential Spokesperson Annabel Tecson Abaya in Kalayaan Hall, Malacanang, Manila—live; in English]

[Excerpt] President Fidel V. Ramos today formed a cabinet committee that will review broad Philippine-U.S. relations, including trade policies, defense, and security. The president has set 8 August as the deadline for the committee to submit its report. He also appointed Foreign Affairs Secretary Raul Manglapus to head the committee, with Secretary Rizalina Navarro of DTI [Department of Trade and Industry], NEDA [National Economic Development Authority] Secretary General Ceilito Habito, Secretary Renato de Villa of DND [Department of National Defense], and National Security Adviser Jose Almonte as members. [passage omitted]

PRC Drilling Outside Claimed Spratlys Area

HK1607122092 Hong Kong AFP in English 1216 GMT 16 July 92

[Text] Manila, July 16 (AFP)—The oil drillings in the Spratlys being conducted by China and the U.S. firm, Crestone Energy Corp., are outside of the portion of the island chain claimed by the Philippines, according to Crestone documents released here Thursday.

The documents, sent to Manila's Office of Energy Affairs (OEA) by Denver-based Crestone, showed that the drilling was conducted outside of the 200-mile (320-kilometer) exclusive economic zone claimed by the Philippines.

The documents included a statement from Crestone officials that they had drilled unsuccessfully for oil in the Philippines in the past and were aware of its territorial limits.

China gave approval for Crestone to drill for oil in the Spratlys, a far-flung and strategic chain in the South China Sea, claimed in whole or in part by China, the Philippines, Brunei, Malaysia, Taiwan and Vietnam.

The Crestone documents acknowledged that Vietnam had protested the contract approved by China last June, but did not elaborate.

The government of President Fidel Ramos has not made a public statement on the drillings, but some officials are calling for a protest.

President Ramos Meets With Indonesian Army Chief

HK1707035192 Manila BUSINESS WORLD in English 17 Jul 92 p 12

[Text] Visiting Indonesian National Army (INA) chief-of-staff Gen. Edi Sudradjat and his staff discussed a wide range of security issues with President Ramos, Defense Secretary Renato S. de Villa and Philippine Army chief Lt. Gen. Arturo T. Enrile.

Gen. Sudradjat arrived last Tuesday for a four-day working visit, a few days before the ASEAN Ministerial Meeting next week.

The Army officials brass conducted a briefing for their Indonesian counterparts on the country's peace and order situation and on the modernization program of the Armed Forces.

While sources did not expound on the topics discussed, observers say the talks could include bilateral military cooperation, the Spratlys dispute and other regional security issues.

Ramos Names New Heads of Government Agencies

HK1707103192 Quezon City Radyo ng Bayan in Tagalog 1000 GMT 17 Jul 92

[Text] President Fidel V. Ramos has appointed more heads of government agencies today. Tanny Rodriguez reports:

[Begin recording] The appointments are as follows: Phil Joson as Philippine Overseas Employment Administration administrator; Domingo T. Bautista as administrator for the National Irrigation Administration; Rodrigo Cabrera remains administrator of the National Electrification Administration; Zorayda Amelia Alonzo as acting chairman for the Housing and Urban Development Coordinating Council and chief executive officer of the Home Development Mutual Fund; Robert Anthony P. Palaw remains general manager of the National Housing Authority; Galo Garchitorena as director of the Quedan Guarantee Fund Board; Rogelio Dayan as general manager for the Philippine Ports Authority at the Department of Transportation and Communications; and Oscar Inocentes as member of the Board of Trustees of the Government Service Insurance System. [end recording]

Ramos Approves Reshuffling of 4 Police Officials

HK1707041692 Manila THE CHRONICLE in English 17 Jul 92 p 3

[By Joey Caburnida]

[Text] Police Director General Cesar Nazareno, the Philippine National Police [PNP] chief, yesterday reshuffled four of his top officials earlier touted as possible successors, in what was perceived to be the start of a sweeping top-to-bottom revamp sought by Malacanang to step up its anti-crime drive.

President Ramos, upon the recommendations of Nazareno and Interior and Local Governments Secretary Rafael Alunan III, approved this latest revamp of key PNP officials.

Reshuffled were Police Deputy Director Generals Gerardo Flores and Manuel Roxas, and Police Directors Marino Filart and Pedro Sistoza.

Flores, the outgoing deputy chief for operations, was sent out of Camp Crame to head the Southern Capital Regional Command, replacing Filart.

His new field assignment will have responsibility over the Metro Manila towns of Makati, Pasig, Mandaluyong, Taguig, Pateros, Paranaque, Las Pinas, Muntinlupa, and the cities of Manila and Pasay.

Filart, in turn, got a sensitive post at Camp Crame, replacing Sistoza as PNP Chief of Directorial Staff.

Sistoza took over Roxas' post as North Capital Regional Command chief while Roxas was reassigned to his former post as deputy chief for operations, replacing Flores.

Sistoza will have jurisdiction over the towns of Marikina, San Mateo, Malabon, Navotas, Valenzuela and the cities of Kalookan and Quezon.

In a statement, Nazareno said the revamp was in compliance with Alunan's memorandum to continue with the series of reshuffles of regional, provincial and local police chiefs to improve their performance in combatting crimes, a priority concern of the Ramos administration.

"(It) will inject renewed vigor and fresh perspectives into our anti-criminality campaign," Nazareno said. "This will also round off the professional career of PNP officials in the police service."

But the revamp came at a time when Nazareno was said to be on his way out of the PNP, Camp Crame sources said.

Nazareno, despite his good performance as PNP chief, has now become the target of black propaganda and intrigues reportedly being orchestrated by some quarters at Camp Crame who want him dislodged as PNP chief.

Flores, (PMA [Philippine Military Army] Class '62), Filart (PMA Class '61), Sistoza (PMA Class '60) and Roxas, a policeman who rose from the ranks, were all perceived as either candidates or aspiring for the highest PNP post.

Another low-profile PNP official, Police Deputy Director General Raul Imperial (PMA Class '69), the most senior among the five PNP top brass, is also reportedly being touted as a possible replacement for Nazareno.

The same sources said Filart, also an aspirant for the PNP plum post, returned to base at Camp Crame, though he allegedly campaigned for former Speaker Ramon Mitra Jr. during the May 11 elections.

After his assumption to the presidency, Ramos made his first official visit to military and police camps where he directed Alunan to review the PNP organizational structure and officer deployment, to make it attuned to increasing requirements for police visibility and effectivity in battling crime.

Ramos also asked Alunan and Nazareno to work closely with the newly-formed Presidential Anti-Crime Commission headed by Vice President Estrada.

Support for Zamboanga Communist Rebels Said Down

HK1707081892 Quezon City ABS-CBN Broadcasting Corporation DZMM in Tagalog 0400 GMT 17 Jul 92

[Text] There is no chance for the communist movement to gain additional strength, especially in the Zamboanga Peninsula. Reports from Camp Aguinaldo and Camp Crame reveal a decrease in the support being received by the rebels.

Brigadier General Romeo Padiernos, Armed Forces of the Philippines Civil Relations Service chief, said the defeat of the Communist Party of the Philippines-New People's Army [NPA] in Zamboanga was due to the lack of financial support, the shift in sympathy by earlier supporters in favor of the government, and the refusal of Zamboanga residents and local businessmen to pay progressive taxes.

Intensified military operations in Zamboanga have also dismantled three NPA groups, resulting in the death of 23 communist rebels, the arrest 15 more, and the surrender of 24 others.

Oriental Communist Rebels Reject Amnesty Offer

HK1707034992 Manila MANILA BULLETIN in English 17 Jul 92 p 19

[By Robert A. Evora]

[Text] Calapan, Oriental Mindoro—The rebel New People's Army (NPA) here rejected yesterday the offer of a general amnesty to leftist rebels by the Ramos administration saying "it is unacceptable to the national democratic movement."

In a press statement to the Oriental Mindoro Media Club (OMMC), the Lucio de Guzman Command of the NPA on Mindoro, said the general amnesty scheme being "cooked up" by the strategists of President Ramos is "tantamount to asking the unconditional surrender of the National Democratic Front [NDF] in the guise of pursuing the road to peace."

The rebel command said that Ramos should drop this "general amnesty formula" but instead come up with a "comprehensive formula toward a lasting peace to match the NDF peace agenda." The NPA statement added that the NDF peace agenda is a "formula that would open new horizons toward a peaceful settlement of this armed conflict."

Military Exposes Communist Monitoring Base Plan

HK1707032792 Manila DWIZ Voice of the Filipino People's Radio in Tagalog 2200 GMT 16 Jul 92

[Text] The military has revealed a communist rebel plan to set up a monitoring center in the slums of Tondo, Manila.

The objective of setting up the monitoring center is to allegedly strengthen the weakening urban mass base.

According to General Romeo Padiernos, Armed Forces of the Philippines Civil Relations Service commanding general, the plan was disclosed by the military after confiscating documents from captured rebels in Tondo. Based on the documents, the mass base would serve as the command center to monitor military movements in the city.

Padiernos added many Communist Party of the Philippines-New People's Army members have been mingling with representatives of the legitimate poor sector in Tondo to outline an eight point plan which they hope to realize before the year ends.

Figures Show $1.889 Billion Trade Deficit

HK1707024092 Manila THE CHRONICLE in English 17 Jul 92 p 9

[By Melissa Reyes]

[Text] Philippine imports from January to May this year reached $5.609 billion while exports amounted to $3.729 billion, resulting in a $1.889-billion trade deficit.

The country's trade deficit for May was $383 million, lower by $151 million than the previous month, but the trade gap for January to May widened by $327 million from $1.562 million in 1991 to $1.889 million this year.

Similarly, the value of goods imported during that period rose by $607 million or 12.1% from the same period last year.

The increase in the trade deficit was traced to the importation of mineral fuels, lubricants and related materials which amounted to $152.43 million in May, making it the country's mainstay insofar as being a top import expenditure is concerned.

Other commodities which contributed to the growth in the country's imports were: electronics and components ($126.17 million); transport equipment ($105.07 million); and, base metals ($96.15 million).

However, the National Statistics Office reported a substantial increase in the country's total export receipts during the first five months this year which reached $3.720 billion, higher by $280 million or 8.1% from 1991's $3.440 billion.

In May exports amounted to $799 million. The figure is an increase by $110 million, or 16% compared to May last year.

This performance likewise exceeded the previous month's (April) performance by $139 million or 21.1%.

Hiked shipments of manufactured products led by electronics and components ($169.34 million) and articles of apparel and clothing accessories ($167.51 million) made up the country's increased exports. Both exports account for 42% of the country's total exports.

Other leading exports were: coconut oil ($35.74 million); woodcraft and furniture ($26.04 million); and, ignition wiring set and other wiring sets used in vehicles, aircraft and ships ($20.12 million).

Imports, however, which totalled $1.182 million increased by $198 million or 20.2% over May 1991's level and dipped slightly by $12 million over figures recorded in April 1992.

Imports of transport equipment grew fastest at an annual rate of 170.9% and monthly at 70.1%, so far the fastest among the other imports, beating by a far second machinery and equipment (other than electric) imports which grew at an annual rate of 26.1%.

Meanwhile, the country has been importing less (-25.8% annually and -11.9% monthly) of professional, scientific and controlling instruments; photographic and optical goods, watches and clocks.

Meanwhile, micro-circuits led the country's leading exports of electronics and components growing at an annual rate of 148% and at 773% monthly. [as published]

Thailand

Anan Says Coups 'Unacceptable' to People

BK1607150392 Bangkok Radio Thailand Network in Thai 1200 GMT 16 Jul 92

[Text] Prime Minister Anan Panyarachun asked soldiers to stop thinking about staging coups because a coup is an out-of-date issue and is also considered an act of treason to the nation and monarchy. The prime minister told reporters at Government House this afternoon that a coup is now unacceptable to the people. He also asked people who come out to make any demands to act within the limits of the law.

[Begin recording] [Anan] I think that in the eyes of the people in 1992, the Thai people will not accept another coup or power seizure because it runs counter to the line of thinking of the majority. I also believe that most of the Thai people will consider a coup an act of treason to the nation and the monarchy.

[Unidentified correspondent] They asked for amnesty whenever they staged a coup. [words indistinct] there are still people with such thinking.

[Anan] We should not go to ask them on such questions. I think that the Thai people cannot accept another coup.

[Unidentified correspondent] The Confederation for Democracy still continues its activities. However will the government...

[Anan] [Interrupting] There will be no problem as long as their activities are carried out in line with the laws and in a peaceful manner, just not violating the law. [end recording]

The prime minister declined to answer a question on when there will be a reshuffle for the military leaders. He just gave a smile to the reporters who tried to interview him.

Meanwhile, in an interview with reporters at Government House half an hour ago, Defense Minister General Banchop Bunnak reaffirmed that soldiers would not stage a coup. Regarding someone's request to punish the military leaders for commenting on political affairs, he said that he needed to consider the issue first.

[Begin recording] [Banchop] I have not yet received any request. It was just a news report in newspapers. Or it might have been on TV. I did not have much time to watch TV.

[Unidentiifed correspondent] [words indistinct] If no action is taken, they may come out to protest again.

[Banchop] Let me see first and I will take this into consideration. [end recording]

Generals' Ouster Urged

BK1607005792 Bangkok THE NATION in English 16 Jul 92 p A1

[Excerpt] Thailand's two top military leaders are a threat to democracy and must be removed before the general election, the Confederation for Democracy demanded yesterday.

Breaking its self-imposed silence on the military, the confederation called on Prime Minister Anan Panyarachun to remove Supreme Commander and Air Force chief ACM [Air Chief Marshal] Kaset Rotchananin and Army Commander in Chief Gen Itsaraphong Nunphakdi from office to prevent them carrying out a coup and influencing the outcome of the Sept 13 election. The confederation, which led the May uprising that forced Suchinda Khrapravun to resign as prime minister, also announced contingency plans to deal with any future military intervention in politics.

It said it would call a meeting of students, academics, businessmen, members of the professions and representatives of New Aspiration, Democrat, Phalang Tham and Solidarity parties at the Royal Hotel on Saturday to find ways to oppose any coup. Such measures could include a mass demonstration, it said.

"The confederation calls on the prime minister and the defence minister to remove ACM Kaset and Gen Itsaraphong as soon as possible to make it possible to improve the image of Thailand in the international community, achieve national reconciliation and prevent a coup," confederation chairman San Hatthirat told a press conference.

On Tuesday, Kaset suggested the military would consider staging another coup if election results put "lousy political parties" into power and triggered further political unrest. He insisted the military would uphold its responsibilities of maintaining peace and order in the face of a threat to national security.

"Kaset's statement contradicts the Anan administration's efforts to accelerate the country's democratization process," said confederation executive member Somsak Kosaisuk. "It shows his disregard for the Constitution which designates political parties as fundamental components in a parliamentary democracy. It also shows his disdain for the rule of law in making the (veiled) threat to stage another coup, a criminal offence punishable by death."

San said the confederation had to break its self-imposed silence and denounce Kaset's threat of a coup because it realized "certain dictatorial military leaders who remained in their powerful positions were unrepentant".

The confederation had made an agreement with Anan, when he was reappointed as prime minister in June, to refrain from applying pressure on the government to take punitive action against military leaders widely held responsible for the May 17-20 bloodshed, San said.

Asked whether he expected Anan to meet the confederation's demand, he said: "I am confident that the prime minister and the defence minister will remove them (Kaset and Itsaraphong) before the election because the additional public pressure will only lend more weight to what the prime minister will have to do." [passage omitted]

Kaset Backpedals on Coup Remark

BK1707004392 Bangkok BANGKOK POST in English 17 Jul 92 p 1

[Text] Supreme Commander Kaset Rotchananin yesterday attempted to soften public backlash against his coup statement, saying he did not mean it to sound the way it was quoted.

Talking to reporters from a Phumiphon Hospital bed while leading Air Force staff in donating blood to the hospital's mobile medical units, ACM [Air Chief Marshal] Kaset claimed a disparity between the intention of his statement and what was published in the newspapers. "The mass media must help because I did not think that way when I gave the interview," he said.

He did not, however, elaborate on what he had in mind when he made the coup statement, saying he will never again comment on the issue.

ACM Kaset's controversial statement was made on Tuesday in response to reporters' questions about a circular issued by Permanent Secretary for Defence Wanchai Ruangtrakun to the rank and file in the military, urging them not to stage a coup and to help restore the honour and image of the Armed Forces. Although ACM Kaset then stated that soldiers had no intention of seizing power again, he did not rule out the possibility of another coup.

"If the country faces an emergency or something catastrophic happens, which institution will rise to the task? No one but the military. There are many ways of solving the country's problems. Parliament is one way. But if other ways fail, the last resort would be for the military to step in. How can we sit idle and see the country collapse? We have always realised what a soldier's role is. I can assure you that the Army, the Navy and the Air Force understand well what Gen Wanchai said," ACM Kaset was quoted as saying.

Asked if he meant that a coup was possible after the election if the political situation remains shaky, ACM Kaset said he did not think so. However, he added: "We have to see if the formation of the Government (after the elections) is carried out properly or whether there is an opposition to it like the one against Gen Suchinda (Khraprayun). If everything goes without problems, soldiers will not interfere."

Questioned yesterday about the strong public reaction to his statement, ACM Kaset replied:

"Not again. You'd better ask me about the project to honour Her Majesty the Queen (on her 60th birthday anniversary)."

Emphasising that he will not comment on the issue, ACM Kaset insisted that what he had said is clear.

"You should have the judgment to know what I actually said and if my comments have affected any person. I am not going to say anything. In fact, the reporters should be able to answer all the questions on my behalf," ACM Kaset said. He repeated that the military will be neutral in the election and soldiers and their families will have full freedom in voting without any interference from their commanders.

ACM Kaset refused to comment when asked about personal relations between certain military commanders and political parties' leaders which may prevent the military from maintaining its neutrality. He immediately excused himself to return to work.

Sanctions on Khmer Rouge To Affect Businessmen

BK1707005392 Bangkok BANGKOK POST in English 17 Jul 92 p 1

[Text] Thai businessmen trading with the Khmer Rouge could expect to see UN sanctions applied against the group within the next two weeks, Foreign Minister Asa Sarasin warned yesterday. But he said there was still the chance the guerrillas would go along with the United Nations peace plan.

"It is important to know what the Khmer Rouge has planned," he said.

Mr Asa said the Khmer Rouge would never disarm if they felt the UN-supervised election next year would bring an end to their influence. But if they are simply trying to enhance their position in relation to the Phnom Penh regime by delaying disarmament, "then there is a chance to discuss the problem".

Mr Asa believes the Khmer Rouge are trying to enhance their position and have raised legitimate points about Vietnam's continued influence in Cambodia. He said he told Khmer Rouge nominal leader Khieu Samphan and Son Sen Monday that they should drop their demand for the Phnom Penh government to be dismantled at the same time as their own troops are being disarmed.

The Khmer Rouge proposed on July 12 that it would disarm its forces and enter UN-supervised areas within four weeks if the Phnom Penh government, including its parliament, was dismantled.

"The proposal is too much, but we should not ignore it completely," said Mr Asa.

Mr Asa told the guerrillas not to break the accord signed in Paris last October, adding Thailand backed efforts by United Nations Transitional Authority in Cambodia (UNTAC) to take charge of the Cambodian civil administrative structure in areas such as foreign affairs, defence and finance. He said the Cambodian problem was one between the Cambodians themselves and between Cambodians and the United Nations.

The Thai foreign minister is due to meet with UNTAC chief Yasushi Akashi here today to discuss the Khmer Rouge and other developments in Cambodia.

The Japan Information Service said yesterday the Japanese government had donated $3 million to the United Nations Border Relief Operation to help Cambodian refugees in Thai camps. It also plans to contribute another $3 million through other international organisations.

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3 Hmongs With U.S. Passports May Be Deported

BK1707010392 Bangkok THE NATION in English 17 Jul 92 p A3

[Text] Thailand is considering deporting three of the seven hilltribe Laotians—those holding American passports—who were arrested on suspicion of being remnant members of the anti-Pathet Lao resistance.

The seven Hmongs were arrested early Saturday morning in three simultaneous police raids at two hotels in Bangkok and a residence compound in Chiang Khan district of northern Loei Province, according to Thai government officials.

Three out of four of the Hmongs arrested in a Bangkok hotel were found to be naturalized American citizens holding US passports, said the officials. The group was found to possess two or three walkie-talkies, some instigating anti-government leaflets in both English and Lao and a number of field backpacks. A raid at another Bangkok hotel failed to capture any suspects.

In Chiang Khan, police arrested three Hmong suspects in possession of one walkie-talkie. Two of them, identified as Ye Kheu, 24, and Su Jeu, 17, were found to be refugees from Baan Vinai Camp in Loei's Pak Chom district, while Lue Wang, 36, was holding a US official travelling document issued by the Department of Justice's Immigration and Naturalization Service, according to Chiang Khan police and immigration officers.

The officers said the two refugees were charged with violating official orders to stay within the camp's periphery, fined and sent back to the camp on Monday. Lue Wang will be charged with possessing communications equipment without authorization, and will have to stand trial in Loei provincial court, they said.

The US Embassy in Bangkok confirmed yesterday that three of the four Hmongs arrested in Bangkok were holding American passports. The US Embassy spokesman said none of those arrested in Loei were American citizens.

The spokesman added that the US citizen service section of the embassy's consular section is contacting Thai authorities to determine the charges against the three.

Gen Charan Kunlawanit, secretary-general of the National Security Council, said early this week that Thai police had last Saturday arrested seven Laotian hilltribe people holding US passports on suspicions of being remnants of the anti-Pathet Lao resistance group.

The arrests were a goodwill gesture to Laos showing Thailand's sincerity in helping suppress anti-Vientiane dissident activities, said Charan.

Thai government officials said yesterday that senior police officers and other concerned authorities are considering deporting the three Hmong naturalized US citizens, as the nature of the issue could complicate bilateral Thai-US relations.

The officials said Vientiane had not contacted Thailand to ask for the return of the arrested group. The officials added that Thailand had never supported any dissident "clandestine wars" against the governments of its neighbouring countries.

The simultaneous arrests were the first of their kind against suspects of any active resistance groups, they said.

Thailand has often been accused of providing shelter and weapons to the Laotian resistance which was drawn mainly from Hmong ethnic people under the leadership of Gen Wang Pao.

The group was recruited and trained by the US Central Intelligence Agency in the early 1960s to fight communism in Laos before the communists came to power in 1975.

Wang Pao and 30 other of his Hmong followers were charged and sentenced to death in absentia by the present Laotian communist government.

Chiang Khan police and immigration officers said the arrest of the three Hmongs came after a Police Department order calling for the raid of a suspected house in Chiang Khan district.

One walkie-talkie was found in the house, they said. The officers said the arrest of the Laotian resistance suspects was the first ever in the province.

Vietnam

Foreign Minister Urges Regional Talks on Spratlys

BK1707121292 Hong Kong AFP in English 1157 GMT 17 Jul 92

[By Andrew Sherry]

[Text] Hanoi, July 17 (AFP)—Vietnam wants to settle the Spratlys Islands dispute through peaceful negotiations with regional countries, Vietnamese Foreign Minister Nguyen Manh Cam said Friday.

"Since this concerns the countries of the region, then it should be settled by the countries of the region," Cam told AFP.

"Whether the negotiations are bilateral or multilateral depends on the wishes of these countries, as long as it leads to a solution through peaceful negotiations," he said.

China on Thursday also pledged to resolve the issue through peaceful negotiations but stressed that the talks should be bilateral rather than in the form of a mulnational conference.

But the idea of multilateral talks appears to be gaining momentum in the Association of Southeast Asian Nations (ASEAN), with Philippine President Fidel Ramos saying he favored a U.N.-sponsored international conference and joint economic exploitation of the islands.

Vietnam, China, the Philippines, Malaysia, Brunei and Taiwan claim part or all of the Spratlys, making the archipelago in the South China Sea a potential flashpoint for regional conflict.

The archipelago of more than 90 islets and shoals, which sprawls across strategic sea lanes, is believed likely to sit atop substantial mineral wealth.

Tension in the South China Sea has grown since February, when China's parliament passed a law reaffirming Chinese sovereignty over the Spratly and Paracel islands and reserving the right to use force to defend them.

Since then, Chinese troops have occupied an eighth island and planted a sovereignty marker on a ninth, according to Hanoi.

Hanoi reacted most strongly, however, when China leased an oil exploration concession between the Spratlys and the Vietnamese coast in May to a U.S. company, Crestone Energy Corp.

"The zone is on Vietnam's continental shelf outside the Spratly archipelago," Cam said, describing the contract as "a danger to regional stability."

"We do not understand why this event happened at a time when the normalization process between Vietnam and China was developing."

Cam said Hanoi wanted to honor the agreement, made when the two countries normalized relations in November 1991, to settle all "historical disputes" through peaceful negotiations and to refrain in the meantime from doing anything to complicate the situation.

"We are ready to negotiate with China to resolve the differences concerning borders, territory and the Eastern Sea," Cam said, using Vietnam's term for the South China Sea.

PRC Seen Willing To Negotiate

BK1707125392 Hanoi Voice of Vietnam in English 1000 GMT 17 Jul 92

[Text] Philippine President Fidel Ramos said he supports a UN-sponsored international conference to solve the question of sovereignty over the disputed Spratly archipelago. On Thursday he told foreign journalists in Manila that his government would like to have a peaceful solution to the dispute.

Earlier, a spokesman for the Chinese Foreign Ministry said in Beijing that China is ready to seek a settlement of the problem through bilateral negotiations and it opposes the internationalization of this issue.

The spokesman added that China is prepared to negotiate with Vietnam, which also claims sovereignty over these islands.

Khmer Rouge's Uncooperative Attitude Denounced

BK1707052192 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 16 Jul 92

[Commentary by station correspondent Tieu Lien]

[Text] Those who have closely monitored the Cambodian issue once again feel disappointed with the Khmer Rouge's attitude at the recent Supreme National Council [SNC] of Cambodia meeting in Phnom Penh. Khieu Samphan, representing the Khmer Rouge faction, stubbornly demanded that only when the Phnom Penh government is dissolved and all Vietnamese troops are withdrawn from Cambodia will his faction participate in the second phase of the cease-fire in Cambodia. This irrational demand has prompted public suspicion as to whether the Khmer Rouge is planning a comeback when they demand a reversal of the Cambodian peace process.

According to the peace process, during the transition period leading up to the general elections, there will be three organizations of authority in Cambodia, namely the SNC, a representative body of Cambodia at the United Nations; the existing administration in Cambodia which is to continue its activities to ensure the normal running of the people's daily life; and the UN Transitional Authority in Cambodia [UNTAC]. As a result, the existence of the Phnom Penh government at present is in conformity with the Paris accord on Cambodia. Moreover, the world has recognized the existence of this government over the past decade and more by extending diplomatic, economic, technical, and cultural cooperation as well as humanitarian aid to the Phnom Penh government. In addition, the administrative machinery under the Phnom Penh government's management has extended to villages and hamlets throughout the country, thereby effectively helping the Cambodian people to restore normalcy to their daily lives.

Regarding the Khmer Rouge's second demand for the withdrawal of all Vietnamese troops from Cambodia, the Vietnamese side on many occasions announced that since 26 September 1989, Vietnam has had no military units whatsoever on Cambodian territory.

Article 6 of the Paris accord on Cambodia stipulated that information must be presented to UNTAC on military forces of foreign countries still present in Cambodia at the signing of this accord on 23 October 1991. In this respect, Vietnam need not respond to this article. However, with its attitude of goodwill, Vietnam has provided UNTAC with all documents concerning various phases of the Vietnamese troop withdrawal from Cambodia, including the latest one in September 1989 which was witnessed by a large group of foreign diplomats, observers, and journalists. UNTAC highly appreciated this act of Vietnam.

Since the first phase of the cease-fire, French General Michel Loridon, commander of the UN Advance Mission in Cambodia [UNAMIC], remarked that he had no evidence of the presence of Vietnamese troops in Cambodia. During his visit to Phnom Penh in March, U.S. Assistant Secretary of State Richard Solomon said: A number of people have closely coordinated with the United Nations on this issue—meaning the presence of Vietnamese troops in Cambodia—but they could not provide any solid proof. Prince Sihanouk, chairman of the SNC, on many occasions, said that there were no grounds whatsoever to confirm that there are still Vietnamese troops in Cambodia.

Mr. Akashi, representative of UNTAC, in his statement to foreign journalists, rejected the allegation that Vietnamese troops are still present in Cambodia. Moreover, faced with the Khmer Rouge's continued pressure, he declared at a 26 May news conference in Phnom Penh that he would ask representatives of the four Cambodian factions to send their observers to verification points at the border areas if they desire, or to establish mobile units to travel to all localities throughout Cambodia to verify the presence of foreign troops in the country. He also asked the Cambodian factions to provide all information concerning the presence of foreign or Vietnamese troops in Cambodia up to the present. UNTAC pledged that it will carefully study the information, provided that it is well-grounded. However, according to Mr. Akashi, up to now UNTAC has received no such information.

As a result, the Khmer Rouge's demands for the dissolution of the Phnom Penh government and the withdrawal of all Vietnamese troops from Cambodia are just an excuse for them to carry out sabotage activities against the peace process in Cambodia. Furthermore, their clandestine radio broadcasting station recently spread news that the Khmer Rouge is ready to return to power if the Phnom Penh government cannot continue to function. While carrying out their propaganda activities and making allegations, the Khmer Rouge have continued to violate the cease-fire agreement, and have launched attacks on and occupied many positions of the Cambodian People's Army [CPA] and establishments under the management of the people's administration of the State of Cambodia, thereby causing more suffering to the Cambodian people.

On 14 July, the Ministry of National Defense of the State of Cambodia issued a statement denouncing certain cases of violations made by the Khmer Rouge, including their attacks on densely populated areas and positions of the CPA in Kratie and Kompong Thom Provinces, killing many people, kidnapping many others, and causing disruption there. These attacks were recently described by UNTAC as one of the most serious violations of the cease-fire over the past weeks. The public has expressed deep concern over the implementation of the peace process in Cambodia. They demand that the United Nations take serious measures to ensure the implementation of the accord.

The political statement of the G-7 summit conference, which was held recently in Munich, Germany, stated: We have seriously monitored the situation in Cambodia and want to urge all parties concerned to support UNTAC and help the fragile peace process in Cambodia to reach its final goal.

Former CIA director William Colby and James Stones, chairman of the U.S. scientists group, said recently that general elections in Cambodia may be organized according to schedule, that results will be varied but that the SNC will represent more than 80 percent of the population, and that the Phnom Penh government will be legalized under any constitution. Mr. Colby and Mr. Stones also pointed out that the exclusion of the Khmer Rouge in the general elections—if warranted—could be considered a success rather than a failure of the UN Security Council, and that this achievement will be supported and welcomed by friends of Cambodia.

Le Quang Dao Receives Suharto Envoy 16 Jul

BK1607150992 Hanoi VNA in English 1500 GMT 16 Jul 92

[Text] Hanoi VNA July 16—Chairman of the National Assembly Le Quang Dao received here this morning a special envoy of the Indonesian president, Mr. Suparjo Rustam.

Guest and host expressed their satisfaction at the constant development of the traditional friendship between Vietnam and Indonesia, and their hope to see it further develop in the years to come for the sake of the two peoples, and for peace, stability and cooperation in Southeast Asia and the rest of the world.

Also this morning, Mr. Rustam, who is also minister-coordinator for public welfare of indonesia, met with Foreign Minister Nguyen Manh Cam, they discussed international and regional issues of common concern and measures to further strengthen the friendship and cooperation between the two countries.

Indonesian Ambassador to Vietnam Juwana took part in the above-said activities of Mr. Rustam, who left here this afternoon concluding a short visit to Vietnam.

Ties Established With Armenia, Tajikistan

BK1607144592 Hanoi VNA in English 1353 GMT 16 Jul 92

[Text] Hanoi VNA July 16—Vietnam has signed protocols on establishing diplomatic relations with Armenia and Tajikistan.

The protocols were signed seperately in Moscow on July 14 by Ho Huan Nghiem, Vietnamese ambassador to Russia, and F. Manikoniann Armenian plenipotentiary to Russia, and S.K. Nasredinov, permanent representative of Tajikistan to Moscow.

Nguyen Duc Binh Receives JCP Representative

BK1507154592 Hanoi VNA in English 1519 GMT 15 Jul 92

[Text] Hanoi VNA July 15—Nguyen Duc Binh, member of the Political Bureau and secretary of the Communist Party Central Committee, today received Yatsushi Kitani, representative of the Japanese Communist Party [JCP] in Vietnam, on the occasion of the 70th anniversary of the JCP on July 15.

At the reception, Nguyen Duc Binh praised the JCP's indomitable tradition of struggle in the past 70 years, holding high the revolutionary banner, and going in the van of the Japanese people's struggle against imperialism, monopoly capitalism, and for a Japan in independence, peace, prosperity, and for a peaceful nuclear-free world, and for solidarity and friendship among nations. He thanked the JCP, the democratic forces and the people of Japan as a whole for their support and solidarity they had extended for the Vietnamese party and people's struggle for national independence, construction and defence.

For his part, Yatsushi Kitani expressed his pleasure at the continual consolidation and development of the friendship and solidarity between the two parties in the past years.

He spoke highly of the achievements recorded by the party and people of Vietnam in the current process of renovation, and wished the Vietnamese people, under the leadership of the CPV [Communist Party of Vietnam], more successes in national construction and defence.

This evening, the JCP representative gave a film show and a reception in honor of the anniversary.

Prominent among his Vietnamese guests was Hong Ha, secretary of the party Central Committee and head of its External Relations Commission.

Border Delegation Received by Lao Leaders

BK1507151192 Hanoi VNA in English 1457 GMT 15 Jul 92

[Text] Hanoi VNA July 15—Lao's Vice-Premier and Minister of Foreign Affairs Phoun Sipaseut received in Vientiane on July 13 a Vietnamese border delegation led by Le Minh Nghia, head of the border committee under the Council of Ministers.

Le Minh Nghia and his Lao counterpart, Soulivong Phasitthidet, held talks, during which the two sides informed each other about the results of the implementation of the border agreement between the two countries, and some outstanding issues which need to be settled.

Vice-Chairman Phoun Sipaseut welcomed the results of the talks as great contributions to the strengthening of the friendship between the governments and peoples.

Army Paper Quoted on Relations With Laos

BK1707065792 Hanoi VNA in English 0610 GMT 17 Jul 92

[Text] Hanoi VNA July 17—In the present situation of the world especially in Southeast Asia, the friendship and solidarity between Vietnam and Laos assumes special importance and an ever greater significance, says QUAN DOI NHAN DAN in an editorial marking the 15th anniversary of the signing of the Treaty of Friendship and Cooperation and the Treaty on the Delineation of the National Border between Vietnam and Laos. These treaties, the paper says, are legel documents serving as firm foundations for the solidarity, friendship and cooperation between Vietnam and Laos in the interests of the two people and for peace, stability in Southeast Asia and the rest of the world.

The paper continues: Within a short period of time, the delineation and the planting of markets on the 2,000 km-Vietnamese-Lao border was completed, thus creating favourable conditions for the two peoples to build a lasting border of friendship. "Vietnamese cadres and workers have worked shoulder to shoulder with the Lao brothers in all fields of activity, industry, agriculture, communication and transport, water control, post, healthcare, culture...to continually strengthen the friendship between the two countries. For their part, the Lao party, state and people granted Vietnam strongly support and valuable assistance in many fields".

The paper recalls the recent Laos visit by the Vietnamese Government delegation led by Premier Vo Van Kiet during which many documents of cooperation were signed and concrete programmes worked out to further develop the all-sided cooperation between Vietnam and Laos in furtherance of the tradition of friendship and solidarity between the two nations.

More Voluntary Repatriates Return From Hong Kong

BK1507134792 Hanoi Voice of Vietnam in English 1000 GMT 15 Jul 92

[Text] A group of 240 Vietnamese returned to Vietnam from Hong Kong Tuesday according to the UN program on the voluntary repatriation. This is the 111th group of Vietnamese voluntary repatriates, bringing the total number of Vietnamese repatriates to 19,800.

National Assembly Election Preparations Reported

BK1607154592 Hanoi VNA in English 1516 GMT 16 Jul 92

[Text] Hanoi VNA July 16—Preparations for the National Assembly elections on July 19 of 395 from 601 candidates have almost completed.

The number of deputies to the coming 9th National Assembly is 101 less than the previous assembly.

Of the list of 601 candidates made public by the Electoral Council, there are two independent candidates, one hundred and nineteen are deputies of the 8th National Assembly (some 20 percent) 103 of ethnic minority origins (17 pecent), 24 farmers (4 percent), 8 workers (1.3 percent) and 133 women (22.1 percent). There are 297 candidates who have university degrees (48.2 percent). Including 35 associate doctors, doctors and professors.

In comparison with the composition of the candidates of the 8th National Assembly, there are more candidates who have higher education, and less candidates who are workers and farmers.

Meetings between candidates and voters have been held in all districts in even in the remote islands of Truong Sa.

The province of Ha Nam has managed to complete all preliminary steps long before the deadline, for this it was recommended by National Assembly Chairman Le Quang Dao during a recent inspection tour.

The authorities in Ha Bac Province are trying to finish several other jobs at hand, which they believe will give an impetus to voting, one is the allocation of land for long-term use by farmers.

The campaign in Haiphong is marked by an active presence of the confederation of labour, all the top officials of the local chapter are involved in one electoral activity or another, and the aim is to ensure the turnout of all factory workers and office employees.

In Hanoi, all the candidates, among them General Secretary Do Muoi, have met with their voters, the party leader gave his word to always keep in touch with the population.

The chairman of the office of the National Assembly and the State Council, Mr. Vu Mao, called a press conference here this afternoon on the preparations of the elections in the presence of a great number of Vietnamese and foreign mass media workers.

Vo Van Kiet at Socioeconomic Development Meeting

BK1607142992 Hanoi Vietnam Television Network in Vietnamese 1200 GMT 12 Jul 92

[Report on Council of Ministers Chairman Vo Van Kiet's participation in a socioeconomic development conference in the district capital of Long Xuyen on 10 July]

[Summary] "On 10 July, Council of Ministers Chairman Vo Van Kiet attended a conference convened by the Long Xuyen Quadrangle Socioeconomic Development Steering Committee in the district capital of Long Xuyen, An Giang Province, to assess the implementation of the socioeconomic development strategy for the Long Xuyen Quadrangle in the past years and discuss the development orientations for the years ahead.

"Also attending were the comrades leading officials of the An Giang and Kien Giang provincial party committees and people's committees, as well as representatives of the ministries and sectors concerned."

The Long Xuyen Quadrangle covers 500,000 hectares of land and has a population of 1.3 million people. "Since 1988, the local socioeconomic development program has yielded concrete results. Production has been rising, especially in agriculture. The paddy yield for 1992 is expected to reach 1.36 million tonnes, an increase of nearly 900,000 tonnes compared to 1987. The hectarage for vegetables, subsidiary food crops, and short-term industrial crops has also been expanded. Over the past years, the state has made important investments worth more than 13.5 billion dong in the various farmland irrigation projects. As a result, there is sufficient irrigation water for 110,000 hectares of land and peasants now can shift from a one- to a two-crop system both for the winter-spring and summer-fall rice crops. In addition, more than 16,000 hectares of wasteland have been reclaimed and put under rice planting and afforestation."

"The conference thoroughly evaluated the strategic role of the Long Xuyen Quadrangle in the overall socioeconomic development strategy for the Dong Thap Muoi area and unanimously concurred with the objectives and measures to develop this area a step further during the 1991-95 period."

"In expressing his views to the conference, Chairman Vo Van Kiet warmly commended An Giang and Kien Giang Provinces, as well as all sectors and echelons concerned for having turned the Long Xuyen Quadrangle into an economically strong area in a relatively short time and for having combined economic development with national defense and security arrangements. These results testify to the fact that we are fully capable of turning this acid, saline quadrangle into a rich region. These achievements also open new prospects for the implementation of similar development projects to benefit other areas in Dong Thap Muoi and the Mekong River Delta.

"Chairman Vo Van Kiet raised the need to clearly define steps and objectives to be reached in the years ahead. He said: Based on a thorough understanding of the significance and strategic importance of this area, we must renovate our thinking and workstyle so as to be able to formulate socioeconomic development strategies and combine them with national defense and security arrangements, bearing in mind the need to follow concrete steps and plans aimed at making our primary objectives come true, namely making the people rich and building increasingly firm, powerful national defense capabilities.

"As a primary objective, localities and sectors must help the people settle down and boost production, and henceforth build a firm defense network. The local armed forces are part of the population. Therefore, it is necessary to create conditions for them to establish a firm foothold here. The Fourth Division of the Ninth Military Region is a good model in this domain.

"On the economic front, it is necessary to firmly grasp the relation between agriculture and forestry. As far as this region is concerned, forestry and agriculture are of equal importance. Along with making good use of land under the two-crop cultivation pattern, which is sure to bring about fine results, and with investing in the application of a one- to a two-crop system, measures must be taken to exploit the remaining hectarage unsuitable for rice cultivation by putting it under cajuput and eucalyptus planting.

"Chairman Vo Van Kiet instructed the ministries and sectors concerned at the central level to join hands with the steering committee to study and resolve problems on investment capital, the formulation of concrete development projects, and the allotment of land to the various units for management or utilization. This is aimed at turning the Long Xuyen Quadrangle into a comprehensively developed zone where economic activities go hand in hand with efforts to consolidate national defense and security at the border area, based on the requirements of the new situation."

On this occasion, Chairman Vo Van Kiet visited the Fourth Division stationed in the Long Xuyen Quadrangle. He was warmly welcomed by Fourth Division Commander Colonel Tien Phong and many cadres and men under his charge. He was briefed on the division's achievements since the end of 1989 in combat training, unit-building, and economic development.

Chairman Vo Van Kiet praised the cadres and soldiers for having outstandingly implemented Uncle Ho's teachings by fulfilling all missions and overcoming all difficulties, thus setting a good model of Army units scoring high results in combining economic development with training and combat alert activities.

"Chairman Vo Van Kiet also contributed suggestions on how the division can effectively participate in production, combine national defense with economic development through the various plans and projects based on concrete orientations, look after the welfare of cadres and combatants, and so forth.

"Chairman Vo Van Kiet also devoted time to discussing outstanding local socioeconomic issues with leading officials in An Giang Province."

Over 78,500 People Sent to New Economic Zones

BK1607081592 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 12 Jul 92

[Text] During the first half of this year, 26 provinces have sent 12,000 families totalling more than 78,500 people to build new economic zones in various localities. The new resettlers have reclaimed 13,500 hectares of virgin land for cultivation. They have built more than 45 km of roads, 17 bridges, 470,700 cubic meters of dikes, and more than 2,700 square meters of classrooms.

Although the budget was limited, these provinces have actively carried out the population relocation task and have built various capital construction projects, thereby helping to meet the peasants' urgent demands and improving their daily life.

It is noteworthy that Hoa Binh Province has exceeded the 1992 plan norms on sending people to build new economic zones in Gia Lai and Kon Tum Provinces.

Papua New Guinea

Paias Wingti Elected New Prime Minister

BK1707043292 Hong Kong AFP in English 0433 GMT 17 Jul 92

[Text] Port Moresby, July 17 (AFP)—Papua New Guinea's new parliament elected Paias Wingti as prime minister here Friday, defeating incumbent Rabbie Namaliu by a single vote.

Parliament voted 55-54 in favour of Wingti, the casting vote coming from Speaker of the House and Wingti supporter Bill Skate, who had earlier been elected to the post by the same margin.

Wingti, prime minister from 1986 to 1988 and leader of the opposition in the last parliament, heads the People's Democratic Movement which formed a coalition to win.

Counting in the June 15-26 elections ended two weeks ago, signalling the start of intensive horsetrading as Namaliu and Wingti vied for the support of the new members.

Wingti's victory came as little surprise. The election of Skate had been seen as a clear sign that Wingti had managed to secure the numbers required to win the parliamentary ballot.

Namaliu, who won the premiership in a vote of no-confidence against Wingti two years ago, lost 15 of his 27 ministers in the elections and his Pangu Party fared badly.

But the final blow came when three members of the four-seat League for National Advancement—vital to the Pangu majority—defected to Wingti last week.

"Wingti is a better horsetrader and got together a whole lot of independents," one observer said.

Namaliu admitted Thursday to having only 54 MPs, saying he would need to lure one away from Wingti to remain in power.

A large crowd gathered outside the parliamentary building which was ringed by tight security for Friday's crucial session.

The vote brings to a climax a three-month election process, in which a record 1,653 candidates contested the 109 seats.

It was the fourth general election in Papua New Guinea since the country gained independence from Australia in 1975.

Wingti is guaranteed 18 months in office before MPs are allowed to challenge him with a vote of no-confidence on the floor of parliament.

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choice except Rengo. This is because the existing parties, especially the LDP, are too terrible.

If "Rengo" is said to be an illusion, I hope it will become real. But it is not our fault. I want to say it is the fault of the LDP and the opposition parties.

The media is also to be blamed. For example, I make a 30-minute chairman's speech at the "Rengo" convention. Four-fifths of the speech are about labor movement issues. Only the last one-fifth is related to politics. Yet what sort of report is made? The mass media omits the four-fifths and reports only the one-fifth relating to politics. What impression do you think people get? They will think "the chairman of 'Rengo' only talks about politics."

When reporting about us that way, reporters ask in their articles: "Is 'Rengo' a labor union or a political party?" This is very offensive.

After they have created a false image of us by themselves, it is unreasonable to say "Rengo leans toward politics too much" or "it goes too far."

That is why I feel most irritated when they say I control politics or that I incline toward politics. Who is behind all this? It is the present politicians and the media. I am just an innocent victim.

Honda Motor Co. Strategy, Philosophy Examined

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[By business commentator Toshiyuki Takagi and journalists Tetsuyuki Ohara and Yukinobu Mizogami: "Special Edition: Largest Firms 'Recognized Authority on the Subject'—A Study of Honda Motor Co."]

[Text] In addition to stagnation in domestic sales, pressure from the United States and the environment surrounding the automobile industry are as severe as ever. Though late in starting, even Honda, which took the initiative in advancing into the United States, is no exception.

Selling U.S. Cars in This Slump?

Honda Motor Co. (hereafter referred to as Honda) announced two new cars in six days in the period from the last 10 days of February to the first 10 days of March. More precisely, on 27 February it announced the new "CR-X del Sol" with a monthly sales target of 1,500 units, and, right after that, on 3 March, the day of the Doll's Festival, it announced the hardtop "Ascot Innover."

New car announcements are usually concentrated in years when motor shows are held. However, the Tokyo International Motor Show last year was opened with an international trade fair so it was expected that new car announcements would be fewer this year.

Of course, carrying out full model changes once in four years has become the cycle of Japanese cars. During that period, it is common sense for there to be a minor change once in two years to promote market activation. That is why it is not impossible to view Honda's announcement of two new car types at this time as just an ordinary announcement since the model change season has arrived. However, when they did a "stunt" right before one's eyes by concentrating new car presentations in a one-week period, it gives one an idea of the enthusiasm with which Honda is betting on this year.

That is to say, for the past few years, Honda has been continuously described as having "caught cold," or "lacking in vitality." This is because hit products that emphasize "Honda-ness" have been scarce. However, since the rise of Mr. Nobuhiko Kawamoto, who became the fourth-generation president in June 1990, the company has recovered its brilliance, with the announcement of the luxury sports car "NSX," the light four wheeled open car "Beat" and, moreover in fiscal 1991, announcement of "Civic" as a recipient of the "Japanese Car of the Year" prize.

Even so, although it is in the process of recovering its vitality, the storm winds of the "simultaneous slump in Japan, the United States, and Europe" recently are howling over Honda also.

In ordinary years, the new year's press conferences have a cheerful atmosphere, in addition to a slight "feeling of relief." Honda's new year's press conference this year was somewhat different. That is because, in addition to the sales plan data for the new year which was distributed to reporters, data for a downward revision of expected business results for the March 1992 term was also included.

According to that, the anticipated figures at the time of the midterm settlement of accounts in September which was published in November 1991 planned for 2.9666 trillion yen in sales, 73.2 billion yen in current profit, and 41.3 billion in net profit. However, in the data provided that day [of the news conference], all three figures were revised downward, with sales at 2.9166 trillion yen, current profit 63.2 billion yen, and profit 35.3 billion yen. Honda is saying "this is due to expectations of increasing sales expenses in the wake of the dramatic worsening of the domestic passenger car market and reductions in unit sales due to the lagging recovery of the North American market as well as intensification of competition."

Furthermore, when U.S. President Bush and his entourage visited Japan on 7 January, he was accompanied by the leaders of the U.S. Big Three. When the fact of their putting automobile pressure on Japan was raised at a press conference, the questions of the group of reporters then concentrated on this one point, causing the U.S.-Japanese automobile issue to be focused upon, and this created an impression of "dark clouds" hanging over the future direction of the automobile industry.

At any rate, Japan's automakers are being pressured to increase the amount of U.S.-made parts they purchase and, furthermore, to import U.S. Big Three completed vehicles. For Toyota Motor Corp., it will be 5,000 units of GM cars per year and for Nissan 3,000 units of Fords. Honda will increase by 1,200 units imports of Chrysler-made four-wheel vehicles, "Langley," and "Cherokee," which it is currently importing.

President Nobuhiko Kawamoto asserts: "Unit sales numbers are achievement targets and are not promises. This is because in the end the customer will be the one who purchases them. They are targets for effort."

Also, concerning expansion of parts purchases, Director Shoichiro Irimajiri, who retired from the position of vice president for health reasons, explains the content: "We expect to purchase $560 million worth of parts for domestic production, and, as for parts for use in the United States, $4.38 billion will go for parts for production and repair parts for use in factories in the United States and Canada, for a total of more than $4.9 billion. This figure amounts to double that of the track record in 1990. The reason the procurement figure for use within the United States is large is because the East Liberty plant, which was not in operation in 1990, will enter full production." In any case, there is no doubt about the fact that Honda, described as "strong overseas," is in a severe situation with the storm of simultaneous recession in Japan, the United States and Europe. Even the mighty Toyota is deepening the feeling of crisis with its operating profit posting a large-margin decrease of 61 percent in its September 1991 midterm settlement of accounts. Further, even at Nissan, an operating deficit is expected this March term, so the current situation is that things are also becoming tough for the upper-level makers. In this type of severe environment, we what sort of coping decisions Honda is indicating.

Has It Changed to a User-Oriented Philosophy?

The birth of the Kawamoto regime at Honda was in June 1990. Mr. Kawamoto will complete his first two-year term this June and enter his second term.

Mr. Kawamoto, when assuming the post of president, spoke of his aspirations in the following manner. "Mr. Kume (Tadashi, the former president) created the tripolar Japan-U.S.-Europe framework. With frameworks, there are strong frameworks like the United States, and then there are those like in Europe, where it is as if one does not know if the behind-the-scenes maneuvering is done with or not. Probably the first thing that must be done is to get this shaped up neatly. After all, this is not the age that one can do what he wants to do if, as a company, one's foundation is not nurtured.

"Because the future will be an age of vigorous change, the greatest task will be how one will handle those changes. Rather than further expanding that framework of globalization laid down by Mr. Kume, we must instead finish the company into one with a profound substance. After the strong yen, the world has turned into an environment in which growth is not necessarily right. Therefore it is necessary to become a company with a constitution that can take out a new lease on life even in the 'age of winter.'"

Mr. Kawamoto, 56, was born on 3 March 1936. He grew up watching his biologist father build model airplanes, and he passed through his childhood "young man scientist" stage, himself collecting butterflies, etc.

Completing Tohoku University Graduate School in precision engineering in April 1963, he entered Honda Motors Research and Development Institute. His attraction for automobiles was such that it was his motivation for entering Honda: "I was so impressed while watching news of an F-1 race at a movie theater in Sendai that I decided to work at Honda." His matriculation at Tohoku University as well was motivated by his admiration for Professor Yasushi Tanazawa, who is said to be an authority in Japan on engine combustion.

That being the case, during his student days he established an automobile lover's club, and his lifestyle involved riding around on motorcycles, fixing up and driving old cars, and the like. After entering the company, he was a devoted engine man who was intent on the development of racing engines.

At Honda, there are many "men attracted to the automobile" like Mr. Kawamoto. While this may be aspiration toward the founder Soichiro Honda, does what is referred to as the Honda spirit of "youth and challenging spirit" still live?

What sorts of moves has Mr. Kawamoto taken for the past two years as the fourth generation leader of Honda? First of all, he has appealed to employees about the "the ideal nature of Honda." Mr. Kawamoto says the following:

"In any event, Honda was late in embarking into the automotive industry. In order to survive we must forge ahead. I appealed to employees that we must distinguish 'Honda as being advanced.' That can accomplished after the foundation is made firm. When employees take on each task they should think of Honda as 'leading the way.' I will move along a direct line of extension of what Mr. Kume called 'discipline,' but my priority will be staying face forward."

And in March 1991, he performed a large-scale personnel transfer and restructuring. When all is said and done the main attraction of that was the fact that Mr. Kawamoto himself became head of the four-wheel headquarters. In other words, he wanted to take direct command of the domestic four-wheeled project which has been sagging for the past few years. This is something that is suggestive of the former founder of Matsushita Electric, Mr. Konosuke Matsushita, who in the latter half of the 1960's returned to being acting head of the sales headquarters himself while chairman.

While himself being the head, he installed vice president Irimajiri as head of four-wheeler production headquarters and president of Honda Technology and Research Institute, and appointed vice president Yoshihide Munekuni as head of four-wheeled sales headquarters. So the resulting schematic is that in the midst of outspoken debate, final decisions about production and sales are made by Mr. Kawamoto.

Production and sales stand side by side because of the tradition carried on since Honda and Fujisawa in the first generation, Kawashima and Kawashima in the second, and Kume and Yoshizawa in the third. Even so, aside from the first generation, after conditioning through a second and third generation, it is true that the adjustment of opinions gradually becomes difficult.

Thereupon, the company entered the Kawamoto age aiming for rollback of the domestic four-wheeler section which has been called "Honda's Achilles heel" by clarification of the system of responsibility.

For that reason, Mr. Irimajiri was appointed to head production and the research institute, aiming for centralization of adjustment of opinions, and speeding things up in his "direction conversations" with Mr. Munekuni in the sales section. After opinions were summarized, the final decision was the responsibility of Mr. Kawamoto.

That is how the reform was carried out in the Kawamoto age in which the three S motto of "shinpuru [simple]," "shuchu [concentration]", and "supiido [speed]" were hammered out. In short, it was an attempt to cure the "big company syndrome" which had snuck up before one knew it after Honda's business had expanded.

However, it appears that there are still various problems. As mentioned above, in mid-March vice president Irimajiri had to be demoted to director for health-related reasons and, further, had to resign as president of the research institute as well.

Also, in January 1992 the new "company platform" was announced.

"We must devote all our energies to supplying high-quality products for an appropriate price for the satisfaction of customers throughout the world and take a global view."

The old company platform was one that was instituted in 1957.

"Our company, taking an international view, will respond to the requirements of the customer and produce superior-performing, moderately priced products."

The new "fundamental ideology" boils down to the following: "Respect for humanity" and "the three joys." The "three joys" refers to "joy in purchasing," "joy in selling," and "joy in making."

Says Mr. Kawamoto: "I took the feelings of Mr. Honda into consideration, thinking about his saying not to build a 'Honda shrine.' That is because I thought that making it into a company that is always suited to the age is the duty of the one who has taken the responsibility to manage at whatever time. In order to marshal the collective power of Honda men the world over, each and every one must be made to understand. Therefore, I have said all along that we must discard the Honda sayings and so on, that just being Honda will be good enough, and try to become an ordinary person. That is why I am trying to get my words across accurately. I guess it is all about trying to return to the spirit of the beginner."

There does not appear to be any radical departure from the previous "platform" or fundamental ideology, but what we must focus on is putting the "customer" in more of a position of prominence. Currently in the automobile industry the "degree of customer satisfaction," called "CS" has become a policy of emphasis.

In other words, having entered the "age of surplus," there is a change from the old "manufacturer orientation" to "user-orientation."

The Death of the Founder Marks One Turning Point

Incidentally, in August 1991 the founder Mr. Soichiro Honda was laid to rest. Mr. Honda, along with Mr. Takeo Fujisawa, retired from active work and became supreme advisors, which was acclaimed as a "admirable retirement."

After that, the Honda baton was passed to Yoshitaka Kawashima, Tadashi Kume, and then to Mr. Kawamoto. Once, Mr. Honda recounted: "It is now the age of the young. We are not going to put in our two cents worth concerning management. But there were times when I would casually be driving to the research institute, and when I realized what I was doing, promptly returned home."

For Mr. Honda, the research institute was like "my house." Ever since establishing the research institute in 1947, he commuted by the same road for over a quarter century, so it is not so unusual that he might have been carried away by the impulse to visit the research institute. Especially, being a born technician, he probably wanted to keep an eye on such things as new technical advances, etc.

However, Mr. Honda never once visited the research institute at his own wish "because it was something he himself had decided." However, for the management troops to whom the baton had been passed, the existence of the founder Mr. Honda figured prominently. Therefore, those leaders from Mr. Kawashima and below as well did not fail to visit the Honda residence to give a "report."

Even so, Mr. Honda would warmly watch over the young management group saying, "Oh, is that right. Well then, give it a try." Of course, since his son Hakayoshi was

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managing a racing company called "Unlimited," it seems that he would speak his opinion to his son about various matters.

Disciplined by this same Mr. Honda were the management team of Messrs. Kawashima, Kume, and Kawamoto. Mr. Kawamoto tells of the following memories of Mr. Honda.

"It was about the second or third year after I entered the company, and I had made drawings for a piston prototype for trial manufacture. When I had put that prototype on a shelf after it was made, I saw that the old man had picked it up and was turning it around in his hand. Thereupon, when the old man called me and I went over to him, he yelled, 'Who made the drawing for this? Was it you? You idiot!' He then flung the piston onto the floor without giving the reason for yelling. Not only that, he said, 'Do you understand why I screamed at you? Tell me the reason.' Two to three months later, I still did not understand. Even so I visited the old man's place, where he told me, 'If you make products that way the company will go under. Quit.' It really seemed that the old man was angry about the fact that I, young as I was, had made a compromise."

This is probably a characteristic of Mr. Honda. In other words, the Mr. Honda of the foundation period was providing on-the-job training to the young technicians at the research institute. Mr. Honda was teaching them the severity of a way of life that does not permit compromise and how to be extremely particular about the job.

Mr. Kawamoto explains nostalgically: "Once you get through that strictness, you understand the old man's greatness, and he even seems to be seeker of truth in life. He has a technical side and a human side and, after all, his human side is the best. He was also kind to the weak, having had experienced life on the lowest social stratum during his days as an errand boy at Art Shokai."

In any case, it is certain that Honda is facing a new age due to the death of the founder.

Hondas That Are Not Like Hondas

We now take a look at Honda's sales plan for 1992. The plan for two-wheeled vehicles is 820,000 units domestically (an increase of 3.3 percent over the previous year), 650,000 units for export (a 25.6-percent increase over the previous year), for a total of 1.47 million units (a 12.1-percent increase over the previous year). The plan for four-wheeled vehicles is 680,000 units domestically (a 0.2-percent year-to-year increase) and 660,000 units for export (a 0.4-percent decrease) for a total of 1.34 million units (a 4.2-percent decrease); for general-use vehicles it is 110,000 units domestically (a 5.1-percent year-to-year increase) and 1.3 million units for export (a 5.2-percent year-to-year increase) for a total of 1.41 million units (a 5.2-percent increase year-to-year).

Overseas local production of four-wheeled vehicles is expected to be 670,000 units (a 5.5-percent increase over the previous year). This will be possible due to the commencement of operation of plants in Thailand and Great Britain. Even so, there will be no change in the fact that the absolute number of local production will be supplied by the Ohio plant in the United States.

At all events, the number of units sold in Honda's U.S. market is approximately is approximately 800,000 units. It is overwhelming the domestic market. Thus, there is pressure from Honda America to the effect of "what is Japan doing?"

In the mid-1990's, Honda has a domestic sales target system of 800,000 units. However, because of the recent automobile slump, it are about to come to a standstill at 700,000 units.

Says Vice President Yoshihide Munekuni, in charge of Honda's sales headquarters: "There is no change in the target attainment year, but because the market has cooled down, things are tough. But since we have gotten our product lineup in the three chains of Primo, Clio, and Verno stores completed, we are striving to achieve higher quality. Moreover, we are endeavoring to appeal to the customer with detailed measures such as training, etc., of salesmen.

The Primo stores carry six models: the Ascot, Civic, Tody, Beat, Street, and Acty. The Clio store carries five models: Regent, Inspire, Accord, Concerto, and City. The Verno store carries five models: NSX, Vigor, Prelude, Integra, and CR-X del Sol. Respectively, each is supposed to be separated into three types: family cars, luxury cars, and sporty cars.

Explains Mr. Munekuni: "It is a strategy for addressing the needs of the user by being thorough-going in discrimination and making individuality clear cut. Even the stores have been prepared to make clearly addressing concepts possible and in the future, together with the sales stores, we will put our all into enhancing content."

President Nobuhiko Kawamoto, who is in charge concurrently of the four-wheeler headquarters, talks about what will happen to product development, which is recently being characterized as lacking in the old "Honda style."

"Product development involves fundamental rules and principles about providing products that will satisfy the market and please the customer. We hear that they lack the old Honda qualities, etc., but in the end, the fundamental thing is that Honda was able to deal with changing global conditions. In the latter half of the 1980's, we advanced individualization and made niche cars (cars which target niche markets). As the age changes, things have changed in that products do not suddenly bloom and then dry up like 'cut flowers.' Rather, in the midst of international development, the idea now is to create a more rational product. "I think that to have taken the initiative this much with globalization and, moreover, under a characteristic company ideology to have obtained the understanding of the people of the world and to continue to be welcomed is in itself what the Honda style is all about. As a result of that, it is only natural that we would have to build an 'international car.' With respect to the opinion that cars we make lack 'Honda style,' it will not do for people to go on talking about things of the past. This is my true feeling."

Honda started out producing two-wheelers and, capturing the feelings of youthful users, it was last in entering the four-wheeled vehicle market. Promptly sending out into the world its low-polluting Civic, it made its name as a earnest passenger car manufacturer.

Then, with the Accord, Prelude, Integra, it came out with the highest level of luxury car, the Regent, laying out a so-called full-line system. This system is challenging Toyota and Nissan head on. For that reason, it is inevitable for domestic sales become intense.

It is turning out to be a battle of the Civic with the Corolla and the Sunny; the Accord with the Corona and the Bluebird; and the Regent with the Crown and the Cedrick.

Accordingly, Mr. Kawamoto stresses, "We presented the world with the NSX flagship car which has the sportiness that is the original style of Honda, and in the future, we will present a product lineup that emphasizes this aspect."

Also, he says, "Since this is the age of diversification it is difficult to gauge what will please the user, and there is nothing you can put your finger on and say it is the right answer. In any event, it is necessary to meet the requirements of the customer and to flexibly adapt to change. The future age will be one in which it will not be possible to take your eyes off the customer and stay around for long."

Anyway, Honda has grown to its present state with the mottos of "dream," "youth," and "challenge." Therein was the grand "romance" built up by the late Soichiro Honda in a single generation.

However, entering a new age, a symbiosis of the "romance" of this pioneer and the harsh "abacus" of the corporate management is being sought.

In other words, having taken over as head of Honda, the ability of Mr. Honda to make possible the coexistence of this "romance and the abacus" is being appeal to.

Honda's Global Management: Facing the Crucial Moment

By Journalist Tetsuyuki Ohara

Honda has been called a separate existence. However, there are many problems building up such as the U.S. penalty tariff issue and the European problem.

An Unforseen Circumstance Has Developed in the Global Plan

The global management of Honda Motor Co., Ltd. (hereafter referred to as Honda) is reaching a turning point. This is due to the fact that its three gen-ism (genba [job site], genjitsu [reality], genbutsu [the actual goods]) is beginning to be shaken by the recession in the world economic environment.

Honda, called an excellent company with its management style generally referred to as the Honda way or Honda-ism, has steadily driven into a four-polar system which includes Asia.

However, in North America, which could be called its lifeline, a tariff problem occurred with its compact passenger car Civic which is imported into the United States by American Honda Motor Co.(AHM) and produced by the Canadian corporation Honda Canada Inc. (HCI). The U.S. Treasury Department Tariff Bureau says it does not satisfy tax exempt standards of the North American Free Trade Agreement (NAFTA), and has imposed penalties against AHM.

In Europe, it appears that British Aerospace (BAe), the parent company of Rover Group (RG), a capital tie-up partner in which [Honda] has acquired 20 percent of stock, has firmed up its determination to let go of Rover Group. If this sale materializes, Honda's European strategy will be compelled to cope in a new way. Further, as the slump in the Japanese market casts a dark shadow, a distortion is looming over a mammoth firm which in 40-odd years suddenly grew into a mammoth firm with 4 trillion yen in sales.

Honda has established "producing wherever there is a market" as the basis of its management and is aggressively constructing overseas projects. The sine quo non of its corporate continuation has been a market-oriented type direct investment which is pervasive with the guiding principles of European and U.S. firms as well. Behind that is its handicap of being a late starter in domestic market expansion as a four-wheeled manufacturer, which probably caused it to turn its attention overseas. The founder, the late Soichiro Honda, stressed "a global view" and this, along with promotion of the spirit of challenge and individualism, served to support the youth and vitality of the firm, and it is also true that it spurred local production. The success of that also became a model for global companies.

However, it is thought that in the rapidly changing global community, new management methods are necessary in order to survive.

Actually, strong competitive capacity would not even be remarkable in a time of high-level economic growth but now caution is increasing along with the advent of a downward trend in the economy, and various restrictions are being strengthened, and this is not just limited Europe and the United States. While GM and Ford possess a long history in their advance into Europe, there is even yet a reality that Honda cannot get recognition as a European firm. It is thought that a new strategy is needed for coping with the Achilles heel of global management.

Honda has established becoming a true global firm as the pillar of its strategy for the 1990's. This can be interpreted as meaning it has entered the final finishing stage of its three gen-ism, which it has steadily promoted up to now. Beginning with the second-generation president, former President Kawashima, its foundation as a worldwide automobile manufacturer was built by the time of former President Kume. From the age of flying around the world selling, it advanced toward local knockdown production (KP), and further developed in the direction of production bases that used local parts, but in small quantities. With the advent of the age of President Kawamoto, what will divine Honda's future will be the kind of globalization it will engage in.

However, when one looks at the current situation at Honda of America (HAM), while it is adopting bold local strategies on the one hand, it is extremely cautious in technical transfer.

The number of Japanese employees is also startling. It is said that the number at times even reaches as many as 500 if the temporarily dispatched staff is included.

The Japanese staff supports U.S. personnel in the various fields of manufacturing, quality, engineering, and so forth. However, such numbers would hardly be necessary just to perform that role.

HAM's explanation is that "we have continued expanding without letting up since operation began, so we constantly hire new people, and they are also absolutely indispensable in order to raise the local procurement rate." Also, at the same time, they say that "if it were okay not to raise the rate of local procurement, we could reduce the number of Japanese employees by half." However, that does not appear to be the whole story.

This has been said for quite a long time, but there are many rival carmakers who insist that the success of Honda in the United States was in the "Japanization" of HAM. As for HAM's U.S. executives, "to be truthful, they still cannot fend for themselves. Even though there are associates (local U.S. workers) whose self-assertiveness becomes strong as they become accustomed to the job, things cannot just be left up to them alone." This gives a glimpse of their true feelings. For that reason, it appears that a fairly large number of Japanese employees will have to reside there in the future as well.

Leaders at HAM say "we are sending Americans to live in Japan to begin the formation of communication," and it will be very interesting to see how that turns out.

Breakdown of the World Car Concept?

One hears that Honda has lost its "Honda-ness." This is said to be because its unique type of car making, which used technical capacity as a support, temporarily halted and "Honda-ness" disappeared because of a transformation into an orthodox style. However, in that regard the Honda leadership repeatedly said that it is a manifestation of the corporate scale and "we cannot carry on with niches (a car that targets a niche market) and uniqueness alone." Viewed another way, however, it could also be said that when firms get larger they become unable to make sharp turns.

Also in the background, it is said that there remains the influence of the breakdown of the world car concept of selling the same model in world markets.

Concerning the world car concept Honda was often filled with confidence, saying "there are commonalities in a good car that is sought by people all through the world." At the bottom of that was hidden the trick of share expansion and cost recovery. If the same model could be sold in markets throughout the world, development and production costs could quickly be recovered by means of the mass production effect. It was truly a convenient concept.

However, in reality there is a fundamental difference in needs between Europe and the United States, which emphasize practicality and Japan, which puts precedence on appearance factors, such as design, etc. Further, in Europe and the United States there are respective differences in the purposes and the manner in which a product is used.

At one time, GM embarked upon a world car concept of multiple models, such as the "J car," attempting to use world unified standards, and it failed. Although this failure should have been carved into the back of the minds of the management at Honda, the new Accord was daringly marketed as a world car. It was made with the needs favored by Americans as a priority, and was marketed throughout the world. However, the result was pitiful.

While it was a huge success in the U.S. market, in Japan it did so poorly that it did not even reach the minimum condition of monthly sales of 5,000 units (3,500 units in 1991) of mass sales vehicles, including its brother the Ascot.

However, while it was a humiliating result, it appears that since Honda has a small corporate scale and limited development investment, its world car concept was the only choice in promoting internationalization and from the aspect of efficiency.

Even Honda was unable to get beyond the obstacle of a difference in tastes in the world car concept. Honda's leadership appear composed on the surface, saying "the basic concept in the next Accord will be the same as before," but in reality it appears they are going to develop a new car of a considerably different type.

The task of Honda's new car development in the future will be how smoothly it can convert its world car line.

However, line conversion becomes new car development according to market, which requires massive funds. At the same time, the types of cars being put onto the world market are rapidly increasing, and one must be prepared for inefficiency in production.

In addition to the domestic sales channels specializing in Primo, Verno, and Clio, Honda's model composition will double in one fell swoop, with a U.S. Honda/Acura channel, and a supply to the sales routes of Rover Group, its partner and its own European channel. Since production will also become oriented to each market, it must have development techniques to make cars appear different to the eye, raising efficiency by using common pieces as much as possible such as platforms (basic framework). Expansion of production bases and revisions of equipment will be necessary as well.

President Kawamoto describes the key point of future new car development: "Effort to solve problems immediate problems such as those having to do with environment and safety is needed. By doing that the road to survival will open up." In fact, it is expanding safety features by airbags standard even on the passenger side in its new Regent, which is the most in the industry. Also, it is aggressively selling that emphasis on safety. It has also put out a model of the Civic that has a lean-burn engine designed to improve fuel efficiency. However, this low fuel consumption engine has a weak point of increasing NOx contained in exhaust gases. Because this will not be suitable in California which has the strictest exhaust gas restrictions, it appears that this type of Civic will not be sold on the U.S. market for some time.

There is also a problem that the more safety is improved, the heavier the car becomes.

In any case, the more environmental and safety problems are pursued, the more complex become the technical problems that will be run up against. Nevertheless, Honda, which has repeatedly conquered adversity with its technical capabilities, may not be able to discard the possibility of embarking upon a second world car concept that reduces environment and safety considerations in a tie-up with Honda Engineering (EGE/EGA) which is supporting local production in the United States and Europe with the Honda Technological Research Institute at the core and, further, the research and development division of Honda R&D (HRE/HRA).

The Complete Japanization of HAM

Honda's overseas projects unfolded energetically under the second-generation President Kawashima. In 1974 the project to advance into the United States began, and in 1978 HAM was established in the state of Ohio and plant construction was begun. In September of the following year a two-wheeler (CR 150R) came off the line. Although Honda started out making two-wheeled vehicles, the layout of the assembly plant took four-wheeler manufacture into consideration from the outset. When manufacture of four-wheelers was determined in January 1980, construction was begun of a plant on an adjoining lot equipped with equipment for painting, press operations, welding, plastic injection molding, etc. At the end of 1982, the long-awaited first "Accord" rolled off the line, and mass production began. However, everything was hardly perfect. Because the great majority of associates had no experience in automobile assembly, the startup was carried out extremely cautiously. As one can see from the fact that in the following year daily production was raised to 300 units, and nine months after that it was raised to only 600 units, it was really proceeding a snail's pace. In fact, a year and a half was spent from the start of production until full production was reached.

Because Honda led the vanguard of domestic makers, even now it is mistakenly thought that the advance into the United States was because of the trade friction and the strong yen. However, a related person denies that, saying, "Although there were fears that eventually the automobile friction would become serious, that was not directly the reason for advancing." It appears that people mistakenly come to that conclusion because the Japan-U.S. automobile problem was in the middle of a big storm at the time. However, when self-restraint materialized and other companies were having trouble with supply requests from local dealers, Honda was steadily increasing its share with the smooth start of local production. It is not unusual for there to be various speculation and jealousy. Also, Honda reinvests the majority of that profit, and, while expanding its increased production system, it is pushing forward with the building of an integrated system for everything from engine and parts production to research and development. It is increasing its local self-sufficiency.

Honda's movements after advancing into the United States were quick. First there was the 1979 Marysville two-wheeler plant, then in 1982 the same four-wheel plant began operations producing Accords. In 1985 it started the Anna Engine plant and in 1989 the new East Liberty plant began the production of Civics. In a period of 10 years, Honda had started up four plants. Also, currently HAM is the only one doing machining of engine parts at a Japanese transplant. According to Honda, the local parts procurement rate track record is 75 percent for Accord in 1989, and for the new Civic which got started in 1990 it says it is also clearing 75 percent. Also, in terms of employee numbers, it has the largest of the Japanese transplants at 10,000. The image consumers have with respect to Honda cars is high as ever, and there is no influence from the "buy American" movement. It claims to be having no sales slump phenomenon like that of Japan. Its sales network is the strongest among the Japanese makers. It has gone ahead of other firms with its second channel "Acura," and further, without holding any subsidiary stock, it has established North American Headquarters (NHA) which controls all the companies, so Honda boasts of being the biggest and strongest in business activities in the United States among the Japanese makers in both quantity and quality.

In 1987, the point was reached where over half of the total unit sales in the Honda channel, even adding the Acura channel in 1990, were North America-produced cars. This meant that the foundation request of three gen-ism had finally gotten a strong footing. However, that three gen-ism, or the operation of U.S. factory localization by the global firm of Honda could be called possibly by the transmission of totally Japanese production methods. Everything from production technology to Honda's ideas and philosophy is being thoroughly implanted. Special efforts are being poured into training and technical transfers to local employees, and even now, after 10 years, that enthusiasm is rock solid. However resident executives of rival makers are critical: "When Japanese people are teaching to such an extreme degree, they will never become independent." There is also the voice of U.S. makers who say, "It appears that Ohio is aiming for a Utopia, but it is unsettling that it cannot be seen from the outside." It seems that this view is not altogether unreasonable. The degree of penetration into HAM of the concepts and philosophy called Honda-ism is in actuality so strong as to be uncanny.

The Tariff Penalty on Canadian-Made Hondas

The combination of HAM, which has advanced a bold localized production strategy, and AHM, which undertakes sales single-handedly, has laid a foundation for the company as a global firm. However, an unexpected place for arrows to fly from is the current international situation. Behind the penalty tariff on Canada-made Hondas is the U.S.-Canadian fight about local procurement ratios since the time of the start of NAFTA and the surfacing of a self-centrism of the United States in its effort to expand profits of its industries and make a comeback. In that sense, Honda, whose Accord has taken its seat at the top for three years running in sales according to model and has had a pioneering role in its advance into North America, had satisfied enough conditions for becoming a sacrificial offering of the audit of the U.S.-Canadian agreement. The Civic manufactured by HCI was exported to the United States duty free, but at that time, the condition for exemption from the customs duty (2.5 percent) was that it must satisfy a procurement ratio of more than 50 percent North American-produced parts. The result of the U.S. Customs Bureau's audit of the North American parts procurement ratio of Civics imported by AHM was a calculation of 36.4 percent from January to March and 45.9 percent from April of the same year to March of 1990. Meanwhile, Honda and the Canadian government, saying that procurement ratios for the same period were 53.5 percent and 68.7 percent respectively, strongly criticized the U.S. side for using "one-sided judgment standards that did not include processing expenses." The basis for the U.S. Customs Bureau's non-North American production contention was in the engine. The engine of the car in question is assembled at HAM and includes parts brought over from Japan, and is then exported to HCM. AHM insists that "we are even casting cylinder heads in-house." However, the U.S. Customs Bureau gives the reason of not making clear the purchase price of in-house manufactured parts for excluding them from the category of locally procured parts, and used a curious calculation method that adds parts imported from a third-party nation. Future progress with many twists and turns on this issue, such as the filing of an action by the Canadian panel is possible, but if the contention of the U.S. side holds up, AHM will have to pay 2.2 billion yen in penalty tariffs. President Kawamoto in a press conference expressed his dissatisfaction, saying, "This is incomprehensible. It is regrettable," but he says he will deal with it while watching the movements of discussions conducted among the U.S. and Canadian Governments. AHM Vice President Whitlock presented the U.S. Government with a letter which stated "the investigation results were politically distorted." He criticizes the new regulation as well, saying, "I can only think that the conclusion was drawn beforehand and that the procurement rate was purposely made to be less than 50 percent." This is because, when publishing a new regulation, the government ordinarily presents a tentative plan in advance and hears the opinions of parties concerned. This time it suddenly published a final regulation. Honda is openly suspicious, saying "even though we were sufficiently cooperative and complied with the audit, we were betrayed." However, even at the time of the issue of the Customs Bureau leak to the media in June of last year, there was nothing to indicate that the promised internal audit was being carried out. Further, concerning the Honda question, because it is being observed that pressure from the Congress is exerting a large influence on the Customs Bureau, there are many Congress-related people who say that a reversal would be unlikely. The same thing applies to Suzuki and Toyota which have plants in Canada, and there is a possibility that Nissan, which has a plant in Mexico, could become a scapegoat as well. It is clear that the new regulation of U.S. Customs Bureau is sniping at Japanese makers. Further, the Treasury Department is examining hiking the duty rate on minivans as well. If the sagging U.S. economic conditions and the worsening management of the automobile industry continue, there is sufficient potential that in the face of the presidential election, the Bush administration, although it makes free trade a principle, could give in to protectionist pressures. However, there are two methods of calculating the local procurement rates, and the local procurement rates that Japanese automakers are releasing is calculated by the EPA method, which the Environmental Protection Agency uses in fuel efficiency regulations. The 75-percent local procurement rate Honda is giving for the U.S.-made Civic is one such example. In contrast to the EPA which, includes in the local portion sales control expenses and manufacturing profits, personnel expenses, etc., the FTA method only partially recognizes personnel expenses and is excluding profits from the local portion. Consequently, the FTA local procurement rate is as much as 20 percent lower compared to that of the EPA. The situation is that the United States and Canada are divided over the FTA's recent interpretation standards.

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In any case, it appears certain that the U.S. side prepared new regulations for the purpose of excluding Japanese makers.

Exact Opposite Strategy for Europe than for the United States

Honda has been successful in its U.S. strategy in which it decisively advanced alone. By contrast, however, it shows prudent movements in its advance into Europe. In consideration for European sentiment toward Japan, etc., it used the tie-up with England's Rover Group (RG) as a stepping stone to blend in over a longer period of time. This stance is appreciated locally, but in reality, growth by means of impetuous expansion strategies has become difficult. Honda's sales plan this year in Europe is 200,000 units, and production scale at England's Swindon plant which will start up in October 1992 will be only 40,000 units per year. Even in the mid-1990's when it will reach full operation, the scale will only be somewhat short of 100,000 units. Adding to that 150,000 units from Japan and 200,000 units from North America, the total will be only 300,000.

This is quite moderate when compared to Toyota and Nissan which, respectively, have a 5-percent share in the European market and yearly targets of 650,000 units. Part of the reason for that is that it had to assume self-restriction limits at a time when its amount of exports to Europe were still small. This caused Honda to hasten making a tie-up with a local maker. It aimed to increase unit sales by consignment production.

Honda and RG started their technical tie-up in 1979, and after that, proceeded to establish a capital tie-up in 1989. This consisted of capital participation of 20 percent, respectively, in RG Group by Honda and in Honda's subsidiary, Honda UK Ltd. (HUM). The outline was that HUM, which was supplying engines to RG, build a assembly plant. HUM would produce 1,800 to 2,000 cc class passenger cars and conduct OEM [original equipment manufacturing] supply to RG. HUM would be able to produce for its own sales purposes and for OEM supply to RG as well, so as long as the unit number was completed, efficient production would be possible. However, right now it is only barely making the 200,000 unit production payline. Why does Honda continue to be so particular about HUM which does not appear to be going to turn a profit? Honda says, "If we advanced in a major way, we could have a victory. However, that would invite unpleasant outcomes." Meanwhile, RG President Simpson seems openly happy, saying, "thanks to Honda our company gained competitive power."

European makers have many difficult problems than may be apparent from the Japanese side. Although in their own country an oligopolistic system is in place, they have accomplished a role of supporting local employment. A certain top executive at a local maker clearly recognizes that "our competitive capacity is inferior (to Japanese makers)." If Japanese makers advance into such a Europe and conquer the market, employment instability would cause friction. European people, who have a strong tendency to demand the stability of traditional society and organizations, would show an inordinate reaction of rejection toward anything that threatened to destroy that stability. Such indications have already appeared in statements by Peugeot's Chairman Calvet and Fiat's Chairman Agnelli and others, who are hardliners with respect to Japan. The basis of Honda's European strategy is that the only way to avoid friction is for Japan to practice self-restraint. Of course, it might not be an overstatement to suggest that Honda's funds have been used up in equipment outlays in Japan and the United States and that there is almost nothing left over for investment in Europe.

Nissan and Toyota have also advanced into Britain, so including Honda, Japan's big three firms have all gone there. However, criticism from other European nations has surfaced that direct investment into Britain is too concentrated. By stating that its joint venture method was different from Nissan and Toyota, which advanced alone, Honda has tried to avoid bearing the brunt of criticism. It has adroitly integrated the experience it cultivated in the United States into its European strategy. However, it will hardly be possible to continue to carry out self-restraint forever. In order to hold down its margin of red ink caused by small volume production, it is firming up a plan to expand sales channels from the current 1,500 to 2,000 and has began to move to reduce production costs. In order to reduce parts adjustment costs, its partnership with RG which embraces parts makers as subcontractors comes into play. It seems that the aim of the tie-up with RG was partially to be found in this point.

However, the future of RG has become obscure because the parent company of BAe has pretty much resolved to sell. It is still not clear at this point when that might be. However, the person with highest responsibility at BAe, Mr. G. Day, who is also chairman of RG, appears to be of a mind to sell as soon as possible. As soon as the news came out, the very first one to show interest was the German Volkswagen (VW), which boasts the largest unit sales in Europe. While that company's unit sales are Europe's largest, its share in the British markets are a mere 5 percent (in its 1991 performance record). RG's 16-percent share holds significant appeal and its merit after European unification would be immeasurable. The 1990's for Honda is a time for putting the finishing touches on its global management. However, problems such as the customs penalty issue in the United States in addition to the domestic sales slump and the problem of the sale of RG in Europe, are trying to shake up the global management as it enters what should have been the finishing stages.

Continuation of Youthfulness and Dominance of Technicians and a Colorful Group Guidance System

The keep-young concept and technician presidents have continued for three generations, but with the death of the two founders, the company has reached a turning point.

The statement-making power of old boys who are referred to as young old men is increasing, and varicolored representative system will become stronger and stronger.

Three Extraordinary Events Occur After the Death of the Prominent Founder

When people die they are quickly forgotten. No matter how great or how journalistically lionized a person is while alive, after death his popularity swiftly vanishes.

The one and only exception is Soichiro Honda, who passed away on 5 August of last year. Despite Mr. Honda being the founder, he had long ago voluntarily stepped down from the front line of management. After the death of this man, three brilliant happenings took place.

The first event was the splendor of the "farewell gathering" that was called "acknowledgement gathering." At ordinary company funerals throughout the world a large number of people attend, but the majority of them would be related to the company so that attendance is almost a duty. Mr. Honda said "although I was a carmaker, it would not do to cause trouble to ordinary people because of a funeral ceremony traffic jam," and his will requested that there not be any type of company funeral. So a company funeral was not held immediately after. This is very similar to the demon of electric power, Oh Matsunaga.

Instead, a "farewell gathering" was held at the main office in Tokyo's Aoyama section beginning on 5 September lasting for three days and, in fact, over 10,000 people spontaneously cherished the memory of Mr. Honda while looking at cars and photographs, etc. This gives one an idea of how well known and endearing his personality was during his lifetime.

The second was the so-called "anything about Soichiro Honda" publication rush. In other words, after his death, comments on Soichiro Honda were issued all at once. Due to their favorable sales, "Honda sections" were immediately set up in bookstores. It is said that several books made the bestseller list. The book by Sony Honorary Chairman Hiroshi Ibuka was one that sold the best. It is almost like a booklet, and sales experts are said to be puzzled as to why such a book would sell this well. It seems the author, Mr. Ibuka, is sickly right now and cannot participate in ordinary interviews, but it is said he took as much time as possible in reminiscing about Mr. Soichiro Honda. Consequently, not only are there books, but considerable amounts of things were shown on television as well.

The third event was the posthumous "prize-awarding rush." As a rule prizes are not awarded to people after they have died. However, after Mr. Honda's death there was a sudden rash of "prizes."

Representative of them was the special awarding of the "Person of the Year" distinction by the Toyo Keizai Shimpo Co., and the economic prize of the Mainichi Shimbun Co. In both instances, his son Hakayoshi Honda attended the award ceremony as representative, which was an unprecedented event.

We hear that there was heated debate among the nomination committee members about the propriety of a "posthumous award presentation," which is only natural. However, "Mr. Soichiro Honda alone is a special case," and this is an unprecedented prize that was not even given when Konosuke Matsushita passed on. This could only be due to the absolute natural virtue of Mr. Honda. Probably such posthumous prizes will not occur for quite some time in the future.

The prominent (former Vice President) Takeo Fujisawa, who was long associated with Mr. Honda and played the "role of right-hand man" and built the base of the Honda Motor Company, died at the end of 1988. Then last year Mr. Honda also died. Honda Motors is a company which is facing a vital turning point.

Often, because the Honda and Fujisawa duo retired in October 1973, there is a tendency to explain the influence of Mr. Honda and Mr. Fujisawa as having disappeared long ago. However, this is wrong. As long as the founder is still living, he will continue to provide an influence in a moral sense. For this to have come to an end in summer of last year cannot be ignored when considering the personnel situation at Honda.

The Third-Generation Group Leadership System After the Two Founders

Current Honda Motors Co. Ltd. President Nobuhiko Kawamoto is the fourth-generation president counting from the founder Mr. Soichiro Honda. This year will be the company's 44th year since it was established with capital of 1 million yen in 1948. Already more than 40 books have come out concerning Honda's course over this period ranging over 44 years giving a full account. This is probably more books than have been written about both Nissan and Toyota. The company is just that unique and interest in it is that deep.

However, when viewed according to the type of management, there are only two types at Honda. What is clear is that after the "one-man" management of two men and three legs which was a type of intelligent management by the famous combination of President Soichiro Honda and Vice President Takeo Fujisawa in the founding period, it has completely taken on a group leadership system.

Although the three technician-presidents of Yoshitaka Kawashima, Tadashi Kume, and Nobuhiko Kawamoto each had his own personalities and have been in charge, theirs has definitely not been a case one man control. It has taken on a form that could be called representative, centering on the three presidents, or a group leadership system. What has nowadays become the established opinion more than an expression used by management commentators, is that it consists of boisterous discussion, or in other words, a system in which a single conclusion is reached after a big discussion among the senior directors and above, and is generally expressed as "Honda's waigaya [boisterous discussion] management."

I call management by the Honda/Fujisawa combination the "Yaesu period," that of the time of President Kawashima the "Jingumae period," that of President Kume the "first Aoyama period," and the time of President Kume "second Aoyama period." This is because each change in the location of the main office corresponds, almost accidently, with the term of the president.

The foundation period of the Yaesu home office in front of Tokyo Station was pretty much when there was a role allotment consisting of Mr. Soichiro Honda as president and Mr. Takeo Fujisawa as vice-president, but substantively it would be acceptable to view Mr. Honda as in the position of chairman in charge of technology and Mr. Fujisawa as essentially president in charge of things as a whole. Recent reexamination of the performance of Mr. Fujisawa, who was hidden in the shadow of Mr. Honda, as a noted manager, and the history of Honda Motors is being rewritten, as it were.

In fact, many economists who met Mr. Fujisawa even once after his retirement expressed great admiration for the man, extolling his capabilities, knowledge, views on life, and his demeanor.

Incidentally, in the 10 years of the age of President Kawashima when the home office was moved from Yaesu to Shibuya Jingumae, Honda's business performance greatly expanded. Beginning at the young age of 45, President Kawashima spoke for himself until the age of 55 and was able to ride out the rough times after the oil shock. As is well known, he increased sales just over fivefold and profits expanded by 2.4 times.

He established the cars for the masses which were mainly the Civic and Accord, and was early in advancing into the state of Ohio in the United States And what is he appreciated for most of all is the point that he introduced and modernized a system for management. Supporting this Kawashima system were Vice Presidents Kihachiro Kawashima and Michihiro Nishida. They made up the so-called Jingumae trio. It is well known that the U.S. sales network for the former was created by Mr. Kawashima, and Mr. Nishida established the management organization and personnel system.

Mr. Nishida (currently an adviser) wrote a noteworthy book called *Management Handed Down From Generation to Generation*. Management commentator Mr. Toshiaki Kitaoka laments the fact that a leading employee the present Honda did not know of this noted book, but could it be that the Kawashima-Nishida age has already become an distant obscurity?

President Tadashi Kume, who was passed the baton from President Kawashima was born in 1932 and is 51 years old. Graduated in 1954 from Shizuoka University Engineering department in mechanical engineering, he entered Honda as a technician. However, this man is better known as the developer of the famed "Civic," which created the basis of Honda's four-wheeled cars, than as a president of Honda. Even the noisy Mr. Honda was said to have had profound respect for Mr. Kume's abilities.

Supporting this Kume system were Chairman Hideo Sugiura in overseas activities, Vice President Koichiro Yoshizawa (currently chairman), Vice President Shigeru Shinomiya and Vice President Noboru Okamura. Further, including senior directors Satoshi Okubo and Fujio Ishikawa, a literal "waigaya administration had taken shape.

However, this "waigaya administration" gradually began to exhibit some shortcomings. In addition to dramatic changes in the environment, eventually Honda also fell victim to severe criticism of "having contracted conservative development disease" and "being invaded by big company sickness."

With a standstill of business performance, suddenly the Kume system signaled its demise and ended in the materialization of President Nobuhiko Kawamoto, which in itself was an event.

What is described as an event is that 10 out of 10 media people had predicted that Vice President Shoichiro Irimajiri (currently senior manager) would take over in the post-Kume era. This decision, while said to be by President Kume was really the wish of Mr. Honda.

Why would 10 out of 10 people in the media have expected Mr. Shoichiro Irimajiri to take over after President Kume? Mr. Irimajiri is a product of the Tokyo University Engineering Department, graduated in 1963, but since his youth he has been described as "Honda's prince," or as "the king's star child."

Technicians in Their Forties Come to the Fore

While he entered the company the same year as Mr. Nobuhiko Kawamoto, the younger Mr. Irimajiri advanced up the ladder of success as in leaps and bounds. He attained the post of director two years quicker, and after that rose rapidly, and the media without exception was reporting that the young prince would take over as the next president.

That this prediction was upset at the last minute entailed a feeding frenzy of media analysis concerning the reasons, and they have still fallen short of finding the decisive factor. When President Kume is asked by journalists about the reason, he insists it is due to "stability." When one tries to delve deeper into what he means by "stability," three reasons come to mind. The first is the point that his personality is more positive than Mr. Irimajiri's. This makes for a brighter atmosphere within the company. No matter how serious and rigorous the situation may be, the people at the top must keep on smiling cheerfully.

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The second point is the need for an abundance of a sense of balance. Both Messrs. Kawamoto and Irimajiri are trueborn technicians, but once one becomes a top leader, giving exclusive attention to technical matters would not do. He must have an ability to manage from a comprehensive angle that is based in the new technology. On this point, Mr. Kawamoto has something of an edge.

The third point which, after all, is decisive is the point of age. Mr. Irimajiri was born in 1940 while Mr. Kawamoto was born in 1936, so there is a difference of four and a half years. This difference of four and a half years was significant.

As one can understand from these considerations, for nearly two years the representative system by the trio of President Kawamoto, Vice President Irimajiri, and Vice President Toshihide Munekuni has been on-going. Chairman Koichiro Yoshizawa, who has not had anything to do with management, makes efforts in the clearing up of external and public relations friction.

This Kawamoto triumvirate system was expected likely to last at least three terms or six years, or because of their young ages, it could possibly last seven or eight years.

However, one part of this Kawamoto system suddenly collapsed. Last 18 March, Vice President Irimajiri abruptly resigned and descended to a position as a director. According to his story, he "was worn out both in body and mind," but one can only wonder why he was not able to wait until the general meeting at the end of June to "resign for health reasons."

Various rumors flew about, such as theories about conflicts between him and fellow technician President Kawamoto or, as will be mentioned later, dissatisfaction with pressure toward new car development from "wunderkind" old boys," etc. Anyway, it was a big shock since Mr. Irimajiri was a pivotal person in production and development and he bailed out midway. The truth will probably become clear in time, but probably he was unable to succeed in developing new cars that would be a hit and became mentally and physically fatigued and abandoned his job without thinking about the surrounding conditions.

This has led to increased speculation that President Kawamoto will continue to go it alone for awhile and theories about a Irimajiri presidency in the next term have been destroyed. Conversely, jolts inside the Kawamoto cabinet have surfaced, and there are some views that say it will be short-lived. In any event, internal conditions inside the company are chaotic.

Consequently, discussion about successors may be a bit premature. Besides, when one looks at the age of everyone from the vice president to the junior and senior managing directors, the majority are either the same or different by only one or two years. Vice President Irimajiri was born in 1940, but to give examples of younger talent, there is Koichi Amemiya, who is six months younger and very active in the U.S. market. He is a technician who graduated from Keiyo Graduate School and is one year younger, but that is about it. The rest of the senior and junior managing directors are all older people.

Looking at the director class, there are 10, including Kazuhira Kato, Takeshi Yamada, Makoto Shino, Katsuro Suzuki, and Shojiro Miyake, and the remaining seven are all older than Vice President Irimajiri. In short, it could be said that mainly those born around 1940 are people in their fifties who are in their working prime and are among the director class which goes around carrying on boisterous discussions. , If the Kawamoto system lasts a long time, or even if it is short lived due to confusion, the next system creation will necessarily consist of the class that entered the company after 1965.

Often, within Honda, the three names of Makoto Shino, Takeshi Hiramatsu, and Michiyoshi Hagino are referred to as "the youthful group of 1966." Mr. Shino was born in 1943 and graduated from Nihon University in mechanical engineering; Mr. Hiramatsu, also born in 1943, graduated from Kyoto University in aeronautical engineering, and currently they are junior managing directors at the Honda R&D Institute. Mr. Hagino was born in 1944 and graduated from Kobe University. All three are outstanding technicians.

But because they were cultivated in the period just prior to Mr. Honda's retirement, they were not constantly struck and yelled at the way former President Kume and current President Kawamoto were, thus they did not really receive the rigorous Honda-style baptism.

The youngest unique technician-director would probably be Director Takeo Fukui. Born in 1944, he is a go-getter in his forties who graduated from Waseda University in 1969 from the Department of Science and Engineering. He was president of Honda Racing in Shinza, Saitama Prefecture and, having been senior managing director of the engineering and research division, he is a promising talent. If these young technicians, while possessing a wide range of vision and, moreover, while producing innovative technology, do not support the growth of Honda, the company will have no future. Probably among these, two or three will form a duo or trio to build the next administration. For that purpose they will have to do much additional study.

Statement-Making Power of Youthful Old Boys Increases; Reflecting on Dominance of Technicians

Since the death of the two great men, Honda and Fujisawa, Honda is definitely beginning to change. No matter how far they may have removed themselves from the front line, as long as they were alive their presence was significant, and it is certain that Hondaism has been alive in personnel as well. Consequently, the significance of the death of the founders was exceedingly great.

Various changes can be seen and there will be changes in the future as well. The first point is that the statement-making authority of the OB's, called "wunderkind," has expanded. As is well known, the change of Honda presidents and vice presidents is quick, as they retire before reaching 60.

What is significant about that as well is that, even after they retire, there is a custom that they tend not to "descend from heaven" very often into positions as chairman or president of a subsidiary or a subsidiary of a subsidiary. At the old headquarters building at the Yaesu entrance in Tokyo, an advisory and consultative office has been set up for these old boys and because it is very conveniently located, it has become their strongpoint.

In August of last year, along with the death of Mr. Honda, this "Yaesu clique" was invigorated, and it is certain that they are augmenting their statement-making power.

The second is reflection on whether total reliance on the technical was right or not. Of course, the successive presidents were technicians of high standing, but nontechnical people from the management or administration are to the last put in a position of "submission." At this rate, good personnel cannot be cultivated.

Currently, Honda is being placed in a difficult situation in the U.S. market because of the Canadian-made parts issue and the man fighting it out on this issue is Senior Managing Director Koichi Amemiya.

He was born in 1940, as was Mr. Irimajiri, and the year they entered the company is the same. After graduating from Narijiro University in economics, he mostly used his energies in development of the U.S. market. His personality is extremely gentle and determined. If it were another company, it would not be unusual for him to be at the very top of the firm. However, Honda inevitably puts precedence on technicians. There is some reflection beginning to be made about whether things can remain that way. The Irimajiri shock will probably become a good lesson.

If there are going to be this many problems abroad, there will after all be a need for globalists with wide fields of vision to be in top positions. A point of focus will be whether Honda will wake up to this point or not.

The "Global" Honda Is Also "One Step Behind" in Mesena

Is it Doing Enough as a Major Firm? Its Social Contributions

There are not abundant examples of social contribution activities by Honda Motor Co., Ltd. (hereafter Honda). Rather, it would probably be appropriate to say that it is woefully lacking in that area. So much so as to be unexpected for a firm created by Soichiro Honda who had the lofty philosophy that firms do not belong to individuals, and who was called the unparalleled manager and had an unsatiable challenging spirit toward the F1.

If one tries to pick out what social contributions it is carrying out, 1) the foundation International Traffic Safety Institute, 2) Honda Foundation, 3) Safe Driving Diffusion Activities, 4) Honda Driving School, and 5) Home Town Forest Plan are about all.

We will explain about each of these below, but it is difficult to imagine that any of these is aggressively aiming to diffuse and expand. The company had placed its name on the Mesena Council or the Keidanren's 1 Percent Club. And since this is the situation, the company's social contributions are even thought to have completely dropped out of the management's point of view.

"We must appear modest because we are not supporting things like concerts, but the important thing is to continue for a long period of time. On that point if one excludes the driving school, all the other activities have been around for more than 10 years," according to Honda Motor Co.

To be sure, social contributions are not the type of thing that can be kept alive just by giving money. And one cannot approve of mesena that consists of gaudy events either.

However, be that as it may, it is a fact that for a complete carmaker which is at the peak of the automobile industry, which is an industry unparalleled in the wide range of industries it covers, its social contributions are somewhat insufficient. Ordinarily one automobile requires approximately 5,000 different types of parts and a total of more than 10,000 parts. And those parts are made up of everything from steel, petrochemicals, rubber, and plastic to woven fibers for seats, etc., lighting equipment, radiators, pumps, etc., etc., and recently, due to advances in electronics, there are even semiconductor-related parts such as sensors, so the automobile straddles all fields of related industries.

Therefore, it is not an exaggeration to say that automobile production trends influence the macro business conditions of Japan's economy and, also, that the bashing of Japanese automobiles in the United States also clearly comes from exasperation that the United States itself not having that kind of wide range. At the peak of this diverse automobile-related industry are the finished carmakers. Therefore, they have a duty to always think with a broad view of their connection with society. If Honda is thinking that these crude social contribution measures are sufficient, then it is inevitable that the company's awareness in that regard would be considered lacking.

The foundation in item 1), called the International Traffic Safety Institute, began initially as the Honda Fujisawa Foundation. Needless to say, it was named after founders Soichiro Honda and Takeo Fujisawa. It was established in 1971, the year after their retirement.

Possessing the ideas of being interdisciplinary, global, practical, and forward-looking, this foundation generates activities for the purpose of contributing to the realm of transportation.

Its main activities include research and investigatory activities, symposia, international exchange, public information publication, and giving out awards, etc. Its main research activity was an autonomous study in 1975 called "A Study of Large Irregular Intersections." It also has the record of having been commissioned by the National Police Agency to do research, such as "A Study on Systematization of Traffic Safety Education." It also aggressively conducts symposia as a place for interchange of researchers domestically and abroad and to encourage social problem awareness among of schoolmate gatherings. Noticeable is that these events are being held abroad and are being summarized to make proposals.

Honda's Activities Modest But Consistent

A special feature of this foundation is that it does not just consist of experts in traffic problems, but is made of 43 members from a wide range of fields, including sociologists, writers, journalists, etc. And it is operated by the members. Therefore, according to Honda Motors, "They are performing activities that have no relation to the job of Honda Motors."

Although it diverges from the International Traffic Safety Institute, we next focus on 2), the Honda Foundation.

The Honda Foundation is not technology for the pursuit of the usual goals of efficiency and profit but espouses a new technological concept of "ecotechnology," which aims at harmony of human activities and the surrounding environment, and is intended to establish and disseminate these ideas. It is a totally different approach from that of the Traffic Safety Institute, which grapples with wide-ranging traffic problems. It is three years behind the latter, having been established in 1977.

Its concrete activities include holding international symposia of experts and scholars from around the world and awarding the Honda Prize to individuals or groups that have remarkably enhanced their record from the viewpoint of eco technology. This is awarded regardless of nationality and one presentation is made annually with a supplementary prize of 10 million yen.

Next, the third social contribution activity is 3), Safe Driving Diffusion Activities.

This is a division that was set up within the company to try to educate and enlighten people about driving skill and knowledge about safe driving for drivers and riders. It had already been established in 1970, which means it has slowly but steadily conducted activities for a long period of over 20 years.

Of course, because Honda itself developed as a maker of two-wheelers, that section both quantitatively and qualitatively puts concentrates a lot of attention on the two-wheeler field (the same person is head of the Safe Driving Diffusion Division and the two-wheeled division).

The creation of educational curricula and development of teaching materials is carried out at the Safe Driving Diffusion Division, but its "main emphasis is on fostering leaders." Also, it is continuing activities to increase awareness of riders about safe driving through two-wheeled vehicle retail outlets and agencies.

For drivers of four-wheeled vehicles, the 4) Honda Driving School has been opened, which aims to check and improve driving skills. It includes training for things not normally experienced when driving in the city, such as full braking at high speeds and on slippery surfaces, and it has an established curriculum similar to that used by the Honda Traffic Education Center. Activity 5), the "Hone Town Forest Plan" is a plan to fill Honda's plants and research institutes with greenery. Instead of concrete canals, etc., the plant is surrounded by green trees, which transcends the limits of usual corporate environmental improvement and has a link to "coexistence" with the surrounding residents. Before the environmental responsibility of firms was being clamored for, the company had established a Committee for Environmental Advancement in 1979 to address environment protection.

The above are the main social contribution measures that the company is currently carrying out, but strictly speaking, 3) and 4) would not be included. There is no definition of where to draw the line on what should be included as social contributions, but, when viewed from the standpoint of activities that do not seek a profit, it is not impossible to regard 3) as part of a strategy for the purpose of selling two-wheelers. There is also probably an intention of increasing motorcycle demand by emphasis on safe driving and also a negative objective that if there are continual accidents involving Honda motorcycles it would be bad for the company's image. As for 4), it differs according to course, but there is a fee of 19,000 to 75,000 yen.

Even concerning 5), it is bothersome that it varies with each factory. In general, the more urban the location of the plant, the more behind it is in becoming green, but if one thinks about the point of environment, those are precisely the places they should advance more aggressively with becoming green.

Also, this company has established an internal environmental safety group which in 1990 made suggestions concerning the environment and safety, and is involved in summarizing those proposals and collecting information. As a part of that effort, it has started a recycling committee and is examining a recycling plan for three areas of general waste, such as factory waste, automobiles and their parts, old papers, etc. It appears that a few

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of those have been put into action, but in the author's opinion this action is too late.

The nature of cars is that they are nothing more than a clump of scrap metal if they do not run, and their recycling ought to be the social responsibility of automakers. To pretend ignorance of that would indicate that carmakers, who have been selling cars all along, really had no concept of social contributions.

Of course, Honda's side of the story would be the following:

"Our company, with its global field of vision, has a platform of producing a product of superior performance at a modest price which meets the needs of customers. Consequently, making a car that is safe, in effect, becomes a contribution to society."

Therefore, it could also be said that social contribution measures that draw people's attention are not particularly necessary.

For example, an eternal problem that has resulted since the beginning of automobile production has been exhaust gas. The idea in the usual way of thinking was that exhaust gas should be cleaned up using a catalyzer in order to reduce the harmful elements such as nitrogen oxide and carbon monoxide, etc., contained in exhaust. However, at Honda, the attitude was to make an engine that was total burning, to make an engine that emits no exhaust gas from the start. Or rather, this was the idea of Soichiro Honda the founder. Actually, in 1972, Honda jumped ahead of the world by announcing the CVCC engine which cleared the restriction value of the Muskie Act, and recently the new VTEC engine in the new Civic attempts to take fuel economy to the limit and realize low pollution.

This almost stubborn technical inclination has become Honda's strong appeal which cannot be found in other makers.

However, firms must constantly be aware of their connection with society. This is even more true in the case of a finished carmaker. The attitude that [society] can be neglected if one has put technical aims foremost cannot be allowed for a small or medium-sized firm, much less for a major firm like Honda.

The Individuality of the Founder and the Firm's Image

Honda's founder Soichiro Honda died in August 1991, and Akira Sataka, who is known to be a sharp-tongued commentator, takes every opportunity to highly praise this man. That had continued from the time while Soichiro Honda was still alive.

To be sure, the vividness of his clean retirement in 1973 along with his sidekick who had shared both good and bad times, Takeo Fujisawa and, moreover, the fact that he completely left the company to the care of the younger generation without afterward taking a position as chairman, etc., or the fact that he did not allow his own son the enter the company or, further, that he made his blood brother, Sakajiro Honda, step down, etc., that he absolutely abhorred the personalization of the company, etc., makes him seem a shining star among Japan's managers.

Put the opposite way, just how many managers are there who do the opposite of those things? There are innumerable instances of personalization, damage caused by old age, favoritism, one family management, and so on and so forth, so it is easy for Sataka to draw upon Soichiro Honda, at the opposite end of the pole, as a reference.

I have no intention of once again speaking of Soichiro Honda's achievements here. Suffice to say that books about him already easily exceed 30, and even now, plans are under way at several publishing houses. No one is going to argue about his being an extraordinary manager.

However, there is a tendency to fall victim to the illusion that to praise Soichiro Honda is equivalent to praising the present Honda Motors.

We often hear talk of how Soichiro Honda was an extraordinary manager. Then, intuitively, we end up thinking that the company he built, Honda Motor Co., must also be a good company the likes of which is rarely seen.

There is an anecdote that when Soichiro Honda stepped down as president he gave his successor, Yoshitaka Kawashima, the single order of "not making the company into one that would be disliked by the public."

Also, among the Honda sayings is one that goes, "I say that if you come to the company to work, come work for yourself. You don't have to give respectful salutations to the president. Coming to work as hard as you can for yourself could be called courtesy to the president."

Another one goes: "For those above you to not mix up public and private matters and cleanliness are absolute conditions."

"To collect nothing but rubbish by putting emphasis on connections rather that on the person himself will not develop the company. First of all, nothing satisfactory will come of taking an examination with someone's introduction. Especially when someone comes with the introduction of a Diet member is the worst. In general, capable people will come by themselves after leaving another major company," etc., etc. (the above excerpts are from *Sail Before the Wind*, Mikasa Shobo). As one learns more about his way of thinking, one tends to think that the present Honda is wonderful.

However, what is the real Honda like? We do not ask this just because Soichiro Honda died last year. He had already retired from the leadership 19 years earlier. Impressive with his vividness when he retired, afterward he did not say anything about the company's management. The environment surrounding the company has drastically changed since the time he was president. It is quite unthinkable that Honda the company continues to be equivalent to Soichiro Honda the man.

New Social Contributions Will Be Required in 21st Century

There are not a few who point out that "Honda recently seems to have caught big-company sickness." At the same time, there are also numerous voices that say it "has become bureaucratic."

Bureaucratic refers to the fact that who has responsibility for what is ambiguous and unclear.

As a test, one can try calling Honda with a question about a car. For each question, the person in charge at the other end changes from one place to another, and even the same person in charge gives the impression that he is confirming with someone regarding one question. Although one is not trying to ask something that is that difficult, each time one is made to wait on the phone. There are recently not even many government offices that give one the run-around this bad.

There was no man who abhorred authority as much as Soichiro Honda.

The company he founded has, before one realized it, fallen into authoritarianism. The thoughts and philosophy of Soichiro Honda have become eviscerated.

At one time at Honda, it was said that management policy was determined by waigaya [boisterous discussion] meetings.

While everyone loudly discussed and fussed, opinions would be consolidated. Of course this is in line with the philosophy of Soichiro Honda, who said, "The one thing I can feel proud about toward any big company is the fact that at my company all the employees are equal and feel good about working here and the fact that all are showing their knowledge with all their might" (from *Sail Before the Wind*).

There remains a flexibility reminiscent of the small and medium-sized firm, and, in a certain sense, it is an extremely effective management method, but recently it may have become a mere shell of its former greatness. Although flexibility is a strong point, when it is necessary to decide every single thing by boisterous discussion and fussing, it could rather cause rigidness. Considered in that light, it could be said that employees would inevitably become bureaucratic.

In other words, the fact that the authority given to one person is only very minor would be linked to voices that say that from the outside, it is impossible to tell who is responsible for what.

Considered that way then, it becomes clear that this company's social contribution measures as well were created only under the high reputation of Soichiro Honda and that Honda is not really positively trying to relate to society.

Heading into the 21st century, there are even scholars who say that the manufacturing industry is reaching a turning point. Will Honda be able to survive in the end without new social contribution measures? For Honda, that would also simultaneously mean breaking away from being under the umbrella of the distinguished father, Soichiro Honda.

Morita Plans Group To Defend Japanese Industry

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[Text] "It is not a good idea to keep quiet when we are criticized by other countries. We have to shake ourselves free from the image of being a 'faceless Japan'..."

In a press conference held on 16 July, Akio Morita, president of Sony, who became vice chairman of the Federation of Economic Organizations of Japan [Keidanren], which is affiliated with the Economic Public Relations Center [Keizai Koho Senta], disclosed a plan designed to establish a "Group for Promoting International Dialogue" (tentative name) by September to swiftly deal with foreign criticism against Japanese industries. The group will be composed of about 10 international financiers and men of learning and experience and will be led by Morita himself. It can be said that, among other things, the group will adopt active policies aimed at bringing forth counterarguments against the foreign media's false reports about the Japanese and that its goal is to realize the financial world's version of a "Japan That Can Say No."

According to the concept, the group will promote various activities, including the following: 1) The group will try to foresee potential problems, which may be linked to criticism against Japan; 2) the group will verify themes for counterarguments; and 3) the group will write to and publish its counterarguments in readers' newspaper and magazine columns that carry criticisms against Japan, and it will organize lectures to help people in other countries have a correct understanding of Japan. Koichiro Ejiri, chairman of Mitsui and Company, Nobuo Tateishi, vice chairman of Omron Cororation, and other financiers, who attended a forum held with foreign reporters in May, will be likely candidates. They are all "capable of debating in English." Scholars and commentators who are experts in keiretsu or antitrust laws will also be invited to become members of the group.

At the press conference, Mr. Morita explained his own experience, saying: "An American newspaper made an unfair report about Japan, so I protested against it. Then they issued a correction." He explained the "effects" of a fair counterargument, saying that "only a small number of people will react negatively; but thoughtful people will appraise such efforts."